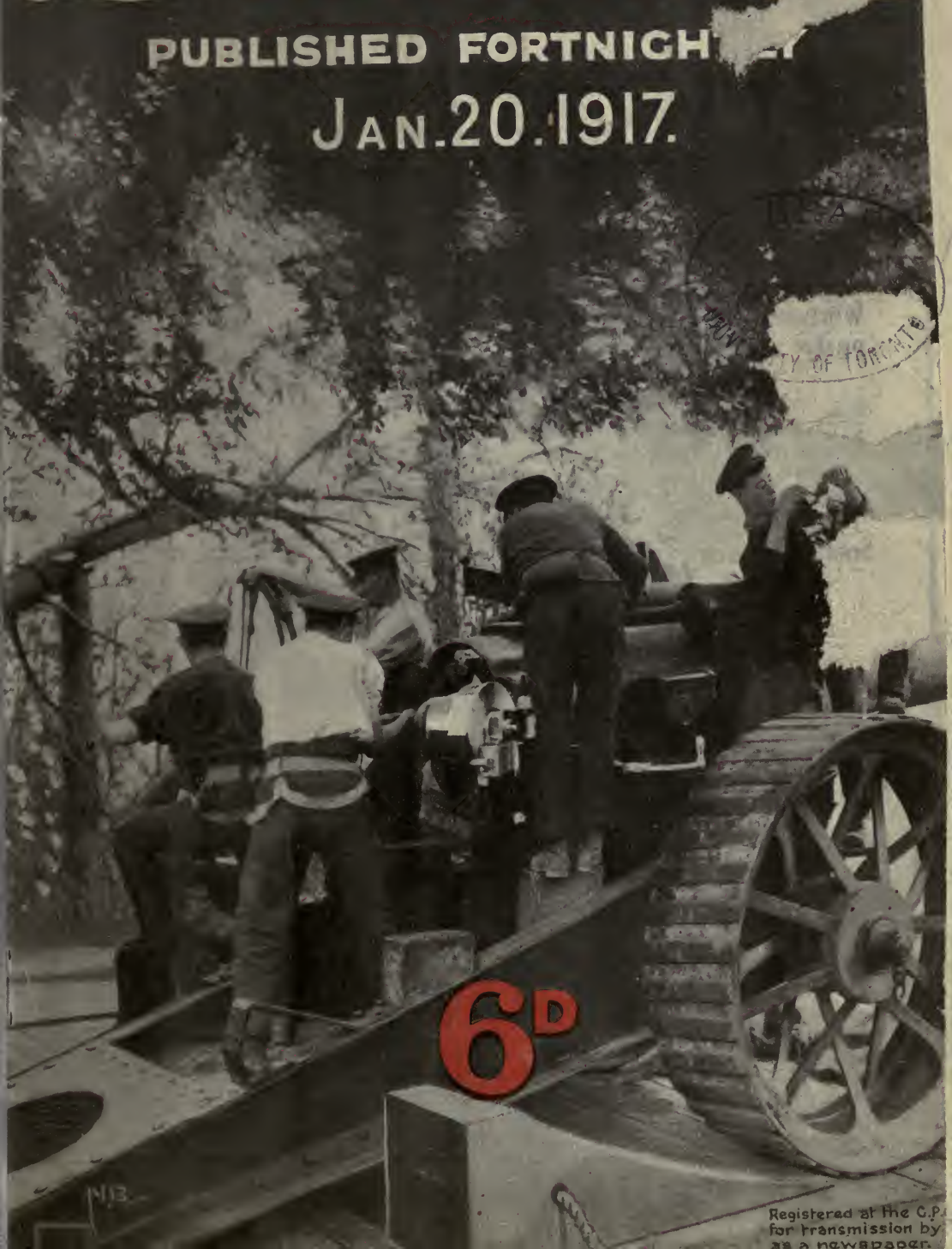


STEAD'S REVIEW

PUBLISHED FORTNIGHTLY

JAN. 20. 1917.



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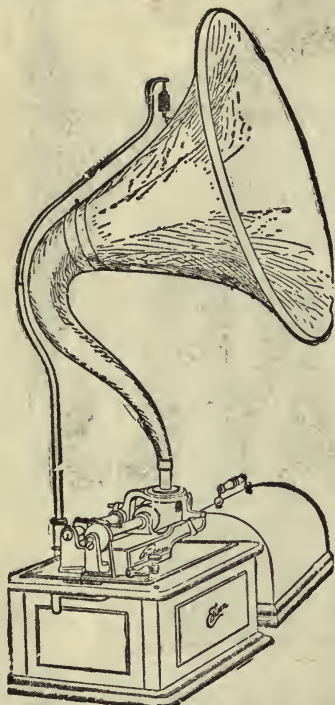
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Fitzroy

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Yours faithfully,

(Signed) CHAS. H. FORD.

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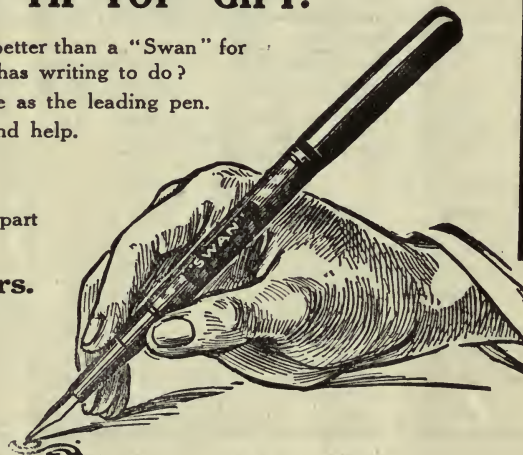
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£10 per cent. on application	£10 per cent. 2nd July, 1917
£10 " " 1st March, 1917	£10 " " 1st August, 1917
£10 " " 2nd April, 1917	£10 " " 3rd September, 1917
£10 " " 1st May, 1917	£10 " " 1st October, 1917
£10 " " 1st June, 1917	£10 " " 1st November, 1917

Interest amounting to £315s. on each £100 subscribed will be paid on 15th December, 1917, and thereafter will be paid half-yearly, at the rate of $4\frac{1}{2}$ per cent. per annum.

If the deposit and all instalments of the amount subscribed are paid in full on or before 8th February 1917, interest amounting to £25s. on each £100 subscribed will be paid on 15th June, 1917, and thereafter interest will be paid half-yearly at the rate of $4\frac{1}{2}$ per cent. per annum.

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ACCOUNTANCY

Hemingway & Robertson's Successes

1916 EXAMINATIONS

TABULATED SUCCESSES

Name of Institute.	Date of Exam.	Final or Inter.	No. of Candidates.	
			Presented.	Passed.
Incorporated Institute of Victoria	May	Intermediate	33	31
		Final.	41	39
	October	Intermediate	25	23
	"	Final	36	31
Federal Institute of Accountants	May	Intermediate	47	45
		Final	17	16
	November	Intermediate	53	51
	"	Final	25	23
Queensland Institute	April and October	Final	9	7
Institute of Accountants, N.S.W. . .		All Exams.	5	4
Corporation of Public Accountants		" "	4	3
W.A. Institute of Accountants . . .		" "	5	4
S.A. Institute of Accountants . . .		" "	3	3
Institute of Accountants of Aust.		" "	3	3
Total Presented			306	
Total Passed				283

HONOURS PLACES WON

Full Examination—Victorian Institute.

May.	Inter.—A. D. Locke	1st
"	" A. A. Dunning	2nd
Oct.	" E. O. Rowlands	1st

Full Examination—Federal Institute.

May.	Inter.—G. N. Worledge	2nd
"	" S. W. Dunstan	4th
"	" L. J. Boden	5th
Nov.	" F. H. Blackburn	2nd
"	" A. L. Nevitt	3rd
"	" J. P. Flynn	4th
May.	Final—A. Clayton	4th
"	" H. J. Jones	5th
Nov.	" J. Reid	2nd
"	" S. W. Dunstan	3rd

Other Honours—Federal Institute Inter.

May.	Bookkeeping—W. E. Heath . .	1st	100 p.c.
"	Auditing—D. C. Tilghman . .	1st	91 p.c.
"	Company Law—S. W. Dunstan .	1st	88 p.c.
"	Insolvency Law—E. W. Lehman .	2nd	88 p.c.
"	Mercantile Law—J. Reid . . .	3rd	91 p.c.
Nov.	Bookkeeping—F. Woodforde . .	1st	94 p.c.
"	Bookkeeping—J. L. Read . . .	2nd	93 p.c.

Other Honours—Federal Institute Inter.

Nov.	Bookkeeping—W. N. Heath . .	3rd	92 p.c.
"	Auditing—F. H. Blackburn . .	1st	98 p.c.
"	Auditing—P. Woolcock	2nd	96 p.c.
"	Auditing—R. Crick	3rd	93 p.c.
"	Auditing—A. L. Nevitt	4th	90 p.c.
"	Mercantile Law—J. P. Flynn . .	2nd	86 p.c.
"	Mercantile Law—J. C. Murray .	3rd	83 p.c.
"	Insolvency Law—J. L. Donaldson		tie
"	Insolvency Law—J. C. Murray .	1st	91 p.c.
"	Company Law—J. P. Flynn . . .		tie
"	" L. Craigie	3rd	
"	" H. J. Bradfield		90 p.c.

Final Honours—Federal Institute.

May.	Company Law—A. Clayton . .	2nd	97 p.c.
"	" H. F. Jones	4th	77 p.c.
"	Bookkeeping—H. C. Hogben . .	3rd	85 p.c.
"	" H. F. Jones	4th	84 p.c.
"	Insolvency—J. F. White	1st	95 p.c.
"	" N. Jenkin	4th	91 p.c.
"	" M. O'Grady	5th	91 p.c.
Nov.	Bookkeeping—J. Reid	1st	85 p.c.
"	Auditing—S. W. Dunstan . .	1st	92 p.c.

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TENNIS COURTS IN THE OFFICERS' INTERNMENT CAMP AT HEIDELBERG.



IN THE PRISON CAMP, HEIDELBERG, GERMANY.
Canadian and English officers talking with neutral journalists.



JANUARY 13, 1917.

Allies' Reply to Wilson.

The reply, which after some weeks of careful consideration, the Allies sent to President Wilson's Note, does not, as so many people seem to imagine, definitely slam the door in face of peace. It is amazing to find how people, presumably anxious to end the awful carnage at the earliest possible moment, appear to rejoice when statements are made to the effect that the Allies' reply means that there can be no peace until Germany is beaten flat—that is to say, they resign themselves with the very best of grace to the war going on for several years longer. Instead of the reply setting, as they suppose, a definite end to all peace talk, it is in reality the beginning of such talk. Another feature of the answer of the *Entente* Powers which is matter for rejoicing, is the cordial manner in which it refers to the intervention of the President, an intervention which in some badly informed quarters has been so strongly resented. Had it not been for this intervention we would still have been in ignorance of the definite aims which we are fighting for; there would have been no statement of what the nebulous guarantees meant, those "effectual guarantees" to which Allied statesmen have been vaguely referring for the last

two years and more. President Wilson has cleared the ground. We know now that the Germans are willing to talk peace, and that the Allies, too, will consider the termination of the conflict on certain conditions.

The President's Next Move.

Presumably the Central Powers will either put forth their own proposals in definite form or will strongly urge the calling of a Conference to consider the Allies' peace terms. Dr. Wilson will certainly point out to the two groups of belligerents that agreement can evidently be reached concerning many of the points at issue, and will ask the Allies whether they consider they must continue the frightful struggle to obtain their other aims, whether they would definitely refuse to entertain suggestions to secure settlement of them by diplomatic means. The negotiations which would precede such a final appeal might occupy many weeks, but that negotiations will start at once and will culminate in a definite suggestion for a Peace Conference I feel quite certain. When that suggestion is made it will be found, too, that it will be practically impossible for the Allies to refuse to entertain it. Unfortunately, peace talk and a formal Peace Conference does not necessarily mean the end of the war.

The Allies' Terms.

The Allies, in their reply, set forth their aims far more definitely than they have ever done before, but they intimate that "they can only be formulated in detail with all just compensations, indemnities and losses when the moment for negotiation arrives, but it is well known that they include primarily and necessarily certain things," which are then given as follow:—

1. The restoration of Belgium, Serbia and Montenegro.
2. The evacuation of the invaded parts of France, Russia and Roumania.
3. The reorganisation of Europe on the basis of the right of all peoples to have the enjoyment in full security of free economic development, and also upon the basis of territorial agreements and international arrangements framed to guarantee land and sea frontiers against unjust attacks.
4. The restitution of provincial territories formerly torn from Allied countries forcibly or contrary to the wishes of the inhabitants.
5. The liberation of the Italians, Slavs, Roumanians, Czechs and Slovaks from foreign domination.
6. The liberation of the peoples lying beneath the murderous tyranny of the Turks.
7. The expulsion from Europe of the Ottoman Empire, which has proved itself radically alien to Western civilisation.

No mention is made of the German colonies, of indemnities or of the reduction of enemy armies and fleets. The economic boycott of the Central Empires, as set forth in the resolutions of the Paris Conference, finds no place in the reply, but the Allies definitely disclaim any intention of exterminating or politically extinguishing Germany or Austria—a statement which some of our fire-eaters would do well to ponder over. Colonies, indemnities, limitation of armaments are matters for discussion in conference, but the seven things set forth above represent the fundamentals which must be recognised as the aims for which the Allies are fighting. "We do not covet any people's territory; we have no desire to impose our rule upon alien populations. The British Empire is enough for us," said Prime Minister Asquith on 2nd October, 1914, and repeated the sentiment many times thereafter.

A Comparison.

President Wilson, when he received the Allies' reply, would at once compare it with the German proposals in order to ascertain the points of agreement and the points of difference. If he had not the

Teutonic suggestions he could not do this until the Central Governments followed the example of the Allies and complied with his request for definite information on the point. It is highly probable, though, that he is acquainted, unofficially, with those proposals; inspired statements concerning them having appeared from time to time. Probably they will soon be announced in more definite form. Meantime it is interesting to compare the Allied terms with the German proposals so far as they are known:—

1. Germany apparently would agree to the evacuation and restoration of Belgium, and proposes an independent Commission to rearrange Balkan boundaries. There is here, therefore, possibility of mutual agreement.

2. The Central Powers have apparently decided that they would not only evacuate but would also compensate France for the destruction in her northern provinces. They propose to evacuate Poland and Courland, but desire the setting up of independent States there. Roumania they would presumably evacuate, but would demand a large share of economic control over that kingdom.

3. The reorganisation of Europe proposed is obviously a matter for full discussion. Taken literally the Allies' demands would seem to mean the hemming in of Germany in such a way that it would be impossible for her to attack Denmark, Holland, Belgium, France, Switzerland or Russia directly. How such an aim can be achieved it is difficult to see, for the impossibility of securing land and sea frontiers against unjust attack by territorial rearrangement is obvious. Such security can only be found in the proposed League of Nations to secure permanent peace.

4. This must mean Alsace-Lorraine. The only other territory torn from another country by Germany in recent times was Schleswig-Holstein, and Denmark, not being one of the Allies, they are apparently not demanding its restitution. Germany has intimated her intention of rearranging the frontiers of Alsace-Lorraine in favour of France, and a way out might conceivably be found agreeable to both parties. The trouble will occur over the iron mines, without which Germany could not hope to maintain her great steel industries. Another difficulty in the way of France taking over the provinces is that the majority of those



KING CHARLES' POLYGLOT EMPIRE.

[Courtesy of the World's Work.]

dwelling there are Germans, and, as the avowed object of the Allies is to deliver peoples from alien yoke, they would find difficulty in agreeing to thrust more than a million Germans under French rule.

Carving up Austria.

5. Means, in plain language, the disruption of the Austrian Empire. But undoubtedly the Austrians are prepared to carry out drastic changes themselves, and if, for example, they made Bohemia an autonomous State within the Empire, and created a southern Slav kingdom, with rights similar to those enjoyed by the Hungarians and the Germans, Allied aims would have been achieved, although not quite in the way we desire. Still Czechs and Croats and Slovaks would be ruling themselves as separate entities in the Austrian Empire, would in this manner be freed from a foreign yoke. If they came under Russian, or Serbian domination, the yoke would be just as foreign, although their suzerains would be of different breed. The

question of the liberation of the Roumanians is an exceedingly difficult one. They predominate, it is true, in Transylvania, but number in all only half the population—Hungarians, 830,000, and Saxons, 240,000, being together almost as numerous. Then if we must fight to extend the Roumanian borders, to include nationals in Transylvania, we should also see to it that a like union is also effected with nationals dwelling in Bessarabia. But there, too, the Roumanians are barely half the population, the rest being Russians, Jews, Bulgarians, Armenians, Germans, Tartars and Gipsies. The Italian have permeated the Adriatic littoral, have won their way into Austrian territory, have not been residents of territory annexed by the Austrians. Their case is, therefore, somewhat different. Presumably, the Central Powers would agree to surrender to them much of the Trentino and portions of the Adriatic shore on the lines of the pre-war offer. But obviously No. 5 will be exceedingly difficult of adjustment.

Constantinople for Russia.

Nos. 6 and 7, read in the light of recent history, form an extraordinary comment on the sincerity of diplomatic politics. Had the Great Powers not rescued the Turk at the Treaty of Berlin, Armenia, to-day, would be under Russian control. Had the mighty European nations not stood aghast at the possibility of the Bulgarians entering Constantinople, the Ottomans would have been thrown neck and crop out of Europe four years ago. At any time during the last thirty years the people lying beneath the murderous tyranny of the Turks might have been liberated, if the Great Powers could have overcome their own jealousies. Despite the fact that the Cretans for years clamoured to be united with their fellows in Greece, the Powers would not permit the transfer from Turkish to Hellenic suzerainty, and, terrible to say, it was not Germany or Russia which so strenuously supported the Sick Man of Europe, but Great Britain. However, we now fully realise in the words of Lord Salisbury that we "backed the wrong horse" when we buttressed up the Sultan to checkmate the Tsar, and, in agreement with the Russians, are now resolved to thrust the Turk out of Europe and rescue the Armenians and Syrians from his persecutions. Writing on another page, just before the publication of the reply of the Allies, I set forth why, in my opinion, the Balkans and Constantinople would prove almost insuperable obstacles to peace. But it would be possible for the Central Powers and Turkey to comply with the demands contained in 6 and 7, though not in a way acceptable to the *Entente* Powers. Germany and Turkey might undertake to put through the reforms in Armenia which were pending when the war broke out, might give autonomy to Syria, but whilst there could be all sorts of guarantees which would secure the liberty of Armenians and Syrians, the fact that this liberty would be exercised under Turko-German suzerainty, not under Russian, would make such a plan entirely obnoxious to the Allies.

Used to Consolidate the Enemy.

The peace terms, as published, will certainly strengthen the union between Austria and Germany, and will cause Turkey to be a whole-hearted supporter of the Central Powers. The terms do not demand any territorial sacrifice from Germany beyond the handing over of Alsace and Lorraine to

France. They do, however, ask for the cutting up of the Austrian Empire, and for the disappearance of Turkey altogether. Astonishment has now and then been expressed that neither Turkey nor Austria has made a move to conclude a separate peace with the Allies. That surprise disappears when we learn that peace for Austria means dismemberment, for Turkey destruction. We have been told in recent cables that the Austrians were becoming restive under the Prussian yoke, that the Turks were bitterly resenting the control of Germany. We can well imagine how the Germans will now speak to their Allies. Will they not say, "The *Entente* Powers are out to encompass your destruction; have they not said so before the whole world? Stick closely to us and you will be saved; allow jealousy and divisions to come between us and your fate is sealed." I suggested last time that the sending of the German Peace Note was an exceedingly clever political move, whether the sentiments it expressed were sincere or not. There has been a general demand, not only on the part of neutrals, but on the part of leading men in Great Britain and France, that the objects and aims for which the Allies were fighting should be made known.

How Our Terms Will be Twisted.

The German Note, followed by that of President Wilson, forced their publication. The Germans can take the terms now made public and say to their people, whether with justification or not does not matter, "Behold, we always assured you we were not the aggressors, but were fighting for our very existence. The terms our adversaries demand show that they are waging a war of conquest. They want territory, they want to split up Austria, and put large tracts of country peopled by Germans and Hungarians under the control of Russia, Serbia, Roumania and Italy. They intend to destroy altogether the Turkish Empire. Already they have taken Cyprus and Egypt and Sinai; they are going to give Constantinople and the Dardanelles to Russia, to whom they will also present Armenia. Syria and Mesopotamia they will divide between themselves," and so on and so forth. To split up Austria, to banish Turkey from Europe, and destroy Turkish rule in Asia are right and proper things to strive for, but it is easy to imagine how our declared intention to do these things will be used by an unscrupulous enemy to cement their alli-

ances, convince their people that they must fight or go under for all time.

Polish Autonomy Assured.

The Allies' reply makes only brief reference to Poland, stating that the Tsar's intentions towards that country are contained in the proclamation which he has just addressed to his armies, concerning which we have as yet had no definite information. Presumably, though, it repeats the general promise of autonomy and real independence given in the early days of the struggle. The Poles are, in fact, the only people who have been caught in the maelstrom of war who can be reasonably certain that when the struggle is over, no matter which side is victorious, they will be in better case than before it began—excepting, of course, for the awful suffering which came on them as a result of the German invasion, and the deportation tactics of Grand Duke Nicholas. The Tsar's promise was understood to mean that he intended to create a Greater Poland, in which would be incorporated much of the kingdom which was divided up between Prussia, Austria and Russia some 120 years ago. . . . On this occasion Russia's great Allies, France and Britain, are directly concerned in the faithful carrying out of the Tsar's promises. Germany and Austria, on the other hand, have proclaimed a new Polish kingdom, and announce that they will welcome with joy the birth and prosperous development of this State. All the combatants, therefore, have promised the Poles independence. The only question is whether the new kingdom shall be ruled over by a Russian or Teutonic prince, or, in other words, whether Muscovite or German influence shall dominate the country.

Conditional Liberty.

In view of the promises of the rival groups of Powers, it would seem that the question of Poland could in some way be arranged, would not offer an insurmountable barrier to the conclusion of peace. A possible solution would be the creation of a really independent Poland, under some neutral prince, subject to the control of neither of his neighbours, but to the League of Nations mentioned in the Allies' reply. Germany is so anxious to have a strong buffer State on her eastern frontier that she would no doubt welcome a really independent Poland. . . . The proclamation of the German and Austrian Emperors was to some extent conditional upon the

raising of a Polish army, the promise of the Tsar on continued loyalty. Not only were the Poles conscripted in Germany, in Russia and in Austria, but when the Grand Duke retired before von Mackensen he compelled the inhabitants to flee to Russia. In view of these things it seems amazing that the Germans should ask for a Polish army; where are the soldiers to come from? Long ago the Austrians sent out glowing accounts of the Polish legions which were fighting, so they said, with immense bravery in defence of Galicia. The legions were said to be recruited from Russian, Austrian and German Poland, and had as their avowed object the liberation of their country—presumably from the yoke of all three Empires. Again and again, in times passed, the Poles have frustrated their chances of winning autonomy and self-government by their own internal dissensions, and it is not at all improbable that history will repeat itself.

How Will Poland Reach the Sea?

The Germans, if we may believe the reports concerning their peace suggestions, wish to have not only an independent Poland, but also an independent Courland created. This desire is partly to secure a buffer State east of the Niemen, partly to liberate Letts and Lithuanians from what they are pleased to regard as a foreign yoke. These people are closely related to the Prussians in race, and, despite the efforts of Petrograd to Russify the Baltic Provinces, have managed to retain their own language and, to a large extent, their own institutions. They belong for the most part to the Lutheran or Catholic, not to the Greek Church. In Courland proper 79 per cent. of the people are Letts, 8½ per cent. are German, 8 per cent. are Jews, and only 1.7 per cent. are Russians. In the province of Kovno, the Lithuanians number 74 per cent., Jews 14 per cent., Poles 8 per cent., Germans 2½ per cent., and the Russians a fraction of 1 per cent. In Vilna, too, Lithuanians preponderate. Between two and three millions altogether live in the Baltic provinces. The greatest difficulty in connection with the creation of an independent Poland would be to secure for it an outlet to the sea. In its great days, in the seventeenth and eighteenth centuries, Poland had access to the Baltic at Danzig, at Riga and at Libau; the Duchy of Prussia being a little oasis on the sea surrounded by Polish territory. In recreating the Kingdom of

HOW EUROPE CHANGED IN A HUNDRED YEARS.



Europe two hundred years ago, after the War of the Spanish Succession.



A hundred years later (1816), after the Battle of Waterloo.

Poland, the Germans will wish to give it Libau as a port, and the Russians would desire to make Königsberg its window on the Baltic. In the end it would not be surprising, if, like Napoleon's Grand Duchy of Warsaw, it had no outlet to the sea at all. In an article entitled "Kaleidoscopic Europe," published in our Sept.-Oct., 1914, number, I gave some interesting maps illustrating the extraordinary changes in territorial arrangement through which Europe has gone during the last few centuries. I reproduce a couple of the maps herewith to show Poland at its greatest and just before its final absorption by Russia.

The Rome Conference.

Just thirteen months ago the first War Council of the Allies was held, Joffre presiding. That meeting was hailed as the forerunner of better things for the Allies. We saw in it a visible sign that in future there was to be a great attempt made to secure that combination between the *Entente* Powers, that co-ordination of effort, that unity of action, the lack of which had so seriously handicapped the Allies in their tremendous fight against the Central Empires during the whole of 1915. Undoubtedly that War Council, and those which followed it, did result in common action being taken, in the adoption of a definite plan in every war theatre, in east and west and south. But although this unity of control did achieve much, and put a far severer strain on the enemy than our somewhat desultory and independent efforts had done before it was obviously only partial and events in the Balkans demonstrated clearly enough that there was much still to be done in improving the combination between the fighting armies of the Allies. The Conference at Rome evidently aimed at bringing this about, and may, therefore, be regarded as an exceedingly important milestone on the road to ultimate victory. Allied effort, as a result of this meeting, should, in 1917, be as far ahead of that during 1916 as the efforts made last year, after the first War Council, exceeded those of more-or-less go-as-you-please 1915.

Italy and the Balkans.

We may take it as fairly certain that Lloyd George and Lord Milner, two of the Triumvirate which now controls the fate of the Empire, went to Rome chiefly to come to a definite understanding with Italy concerning the Balkans. Italian diplomats have a well-earned reputation for

business-like methods, and it is not difficult to imagine that they would decline to take a large share in the Balkan campaign until they knew just exactly where they stood. Recent Levantine history is perhaps somewhat difficult to follow in all its ramifications and intricacies, but through it runs a strong and increasing rivalry between Italy and Greece, whose territorial and commercial aspirations have inevitably clashed. Another outstanding factor has been the desire of Serbia for a window on the Adriatic, which conflicted with the Roman ambition to make of that sea an Italian lake. During the war between Italy and Turkey, for the possession of Tripoli, it was generally understood that the conflict should be strictly confined to northern Africa. The opportunity of securing some of the long-coveted *Ægean* Islands was, however, too strong for the Italian Government to resist, and it proceeded to occupy Rhodes, Cos, Chios and some of the smaller islands. When peace was finally made, at Ouchy, in October, 1912, Italy undertook to evacuate these islands, but, the Balkan wars intervening, she failed to do so, and has taken the opportunity of the present state of hostilities between herself and Turkey to make her occupation permanent.

Greece in the *Ægean*.

Greece had long regarded the islands of the Archipelago as an inheritance which would one day come to her, and the feelings of the Hellenes can be imagined when they saw the three fairest of them all fall into the hands of Italy, their most formidable rival for the trade of the Levant. When they, in turn, found themselves at war with Turkey, they hastened to pick up what still remained unoccupied by the Italians, and, when hostilities ceased, they held Lemnos, Tenedos, Thasos, Samothrace, Lesbos, Chios and a few minor islets. When peace was made Crete was definitely ceded by Turkey to Greece, but the fate of the other islands was to be decided by the Great Powers. The Greeks, however, were in occupation when the great war broke out. The Allies took over several of them as bases for the Gallipoli campaign, and are still using them for military purposes in connection with the Salonika expedition. Not only, though, do Grecian and Italian interests clash in the *Ægean*, the two Governments are at variance with regard to the possession of the Epirus, whilst in Asia Minor both are anxious to secure Smyrna, and the coast to north and south, when the Turkish Empire is divided.

Towards an Italian Lake.

When the newly created Principality of Albania crumbled away soon after the outbreak of war, the Greeks appear to have occupied a good deal of Southern Albania, known as Epirus. The largest town in Epirus is Avlona, situated on a large and commodious harbour. Directly opposite it, across the Straits of Otranto, is Brindisi. It is obviously of primary importance in the Italian lake scheme that Avlona should be in the possession of Italy, or else should be held by some neutralised State like Albania or by some people who had no ambition to share in the trade of the world. For either Greece, Austria, or Serbia to have Avlona would be impossible. Consequently, shortly after entering the war, the Italians seized the place, and have strongly fortified it. During the last few months they have advanced from this base through the Epirus, and have junctioned with the Serbs before Monastir. As the Italian troops passed through Southern Albania, the Greek garrisons withdrew from the various towns and villages, which they had occupied in this district. But, although the Italians are in considerable force in Avlona, and have sent troops to co-operate with General Sarraill, they have, thus far, taken hardly any part in the Balkan fighting. They did not rush to the assistance of the Serbs and Montenegrins when von Mackensen swept through their countries, they sent no troops to aid in the forlorn hope on Gallipoli. The Government of King Victor signed none of the Notes embodying the Allies' demands on Greece. It was pretty obvious from this hesitancy on the part of the Italians to plunge into the Balkan imbroglio, that their Allies had not agreed with them concerning the manner in which the boundaries of the unquiet peninsula were to be rearranged after the war was over. Lloyd George and Lord Milner went to Rome to confer with the Roman statesmen concerning Italian assistance in the Balkans. Naturally before that assistance could be given Italian ideas concerning the future of the peninsula had to be agreed to as far as possible by the Allies.

Backed by Italian Armies.

That such agreement had been arrived at would seem to be shown by the fact that Italy was one of the signatories of the last ultimatum to Greece. Her adherence means that behind the latest threat of the *Entente* are the armies of King Victor. That being the case, Grecian acceptance of Allied terms is certain. A blockade alone had been

considered a threat wholly sufficient to bring the stiff-necked Government to its knees. . . . With a victorious Bulgarian army from the Dobrudja bearing down upon him, General Sarraill could not hold his position and threaten Greece at the same time. To send troops from France or England would be an exceedingly heavy task. Obviously the Italians were the only men available to do the job, and everything points to the visit of the French and British Prime Ministers to Rome as having the object of enlisting the assistance of King Victor, and thus enabling them to back threats to Greece with Italian troops.

What of the Serbs?

That is one supposition, and the most likely one, but Lloyd George and Aristide Briand may have been concerned with arranging for the withdrawal of Sarraill's army in which Italian aid would be essential. Supposing that the strong demand of Lord Northcliffe were listened to—no doubt he expresses the views of a large and influential section of the community—and the Salonika enterprise were abandoned, something would have to be done about the Serbian army, said to be 150,000 strong. It could not well be taken away to fight in France; it would certainly insist on remaining in the Balkans ready to seize the psychological moment to reconquer Serbia, but, if the Salonikan base were given up, the gallant Serbs would be left "in the air" at the mercy of the Bulgars. If abandonment of the Sarraill enterprise be decided on clearly some other base would have to be found for the Serbian army, and the only possible one is Avlona. Sarraill would withdraw his international force, leaving the Serbs, however, in Southern Albania, a strong fighting unit, ready to strike a blow for the liberation of their country the moment the time was opportune. If such a move were contemplated, the Serbs would be dependent on Italy for supplies, might not improbably have to place themselves under supreme Italian command.

Will Sarraill be Withdrawn?

There is a strong and powerfully supported demand in Great Britain for the abandonment of what I have so frequently termed the "insurance premium" in the Balkans. It was long regarded as an insurance for the ultimate incoming of Roumania, and it was no doubt in large measure responsible for that incoming. Sar-



ATHENS.

View from the hill on which stands the Royal residence. The Acropolis in the distance.

rail's army may still be regarded as an insurance premium, this time, though, as a demonstration to Russia that her Allies are determined to do everything in their power to secure for her the Pearl of the Levant, which they have definitely promised to give to the Great White Tsar. To abandon Salonika would be to suggest some weakening in that determination. The effort on Gallipoli was directed against Constantinople, and the army at Salonika is equally a threat against the Turkish capital. If we withdraw altogether from the Balkan Peninsula the German road to the Orient is made absolutely secure, and much abused King Constantine will consider himself justified in the attitude he has all along adopted. He has seen the fate that befalls little countries whose Allies are not strong enough to protect them, and he apparently did not believe enough in the strength of the Allies to induce him to throw in his lot with them. We have all along hoped that he read the situation wrongly, but if we abandon Salonika, we have, perforce, admitted that he read it aright. All things considered, I do not think, therefore, that Sarraill will be

withdrawn—unless his position becomes really untenable. Whether it does or not depends to a large extent upon the Grecian situation.

The Germans and Salonika.

If Greece agrees quietly to all the demands of the Allies, and thus avoids an open break, which would bring Italian troops in its train, it is hardly likely that the Germans will actively proceed against Sarraill. His army is contained by the Bulgars, the Germans do not need to spare troops to hold him, and would no doubt prefer that his seasoned forces should be immobilised where they are rather than that they should go to swell the armies battering against Teutonic defences in the West. If Constantine were to defy the *Entente* Powers, agree, let us say, to their demands, and then procrastinate until their patience was exhausted, things would ultimately come to an open rupture, and the Germans would, do doubt, anticipate that by sending an army into Macedonia. Such an army, whilst primarily aimed against Sarraill would naturally anticipate having to meet the Italians before long. That being so—assum-



WHERE THE RUSSIANS AND ROUMANIANS ARE DEFENDING MOLDAVIA.

A railway not shown in the map runs from Galatz due north for forty miles. It then leaves the Pruth and cuts north-west to Barlad, where it junctions with the main line, which runs north to Jassy.

ing that the Germans know what Constantine intends to do—they would probably make an effort to settle with the Salonika army before the Italians had time to throw large forces across the Straits of Otranto.

Will Italy Be In Time?

In all their Balkan campaigns the Germans have skilfully used Bulgars and Turks, men they could not employ elsewhere, and, should they pursue a vigorous offensive against Sarraïl, the brunt of the fighting would probably fall on their Balkan Allies, and, if the Italians landed, they would fight for the most part Greeks, Turks and Bulgars, and once again the German war chiefs would contrive to occupy *Entente* soldiery on new fronts with troops of their Allies, would not have to call on their own diminishing man-power. On the other hand, the Italians cannot possibly be using all their available soldiers on the comparatively small fronts in the Trentino and the Carso, must have ample reserves, which could do better service in the Balkans than anywhere else. We have blundered so often in the Eastern Mediterranean that we have come to feel a constant dread that in vital situations our most laudable and excellent intentions will not be backed up by the forces needed to carry them out. If Italian intervention has been decided on, let us hope that it will come in time to enable Sarraïl to defeat any attack made on him.

Will Galatz Fall?

The enemy advance to the Sereth has continued slowly but surely. Braila fell shortly after our last number went to press, and the capture of Focsani, the key position of the Sereth defences, made certain that the Russians would soon retire across the river. In previous numbers reference has been made to the strength of the Sereth line should the enemy decide to sit down there on the defensive. It is, however, generally assumed by experts in Europe that von Mackensen will not rest until he has reached the Pruth, which divides Moldavia from Bessarabia. Some even maintain that he will drive across this stream, and thrust through Bessarabia to Odessa itself, but unless they hope to induce Russia to make a separate peace, with them it is difficult to see how such an excursion would advantage the Germans. They might, indeed, capture the great seaport, and secure immense stores of grain, but to do it they would have to employ a great army, would lose thousands of men, would greatly extend their

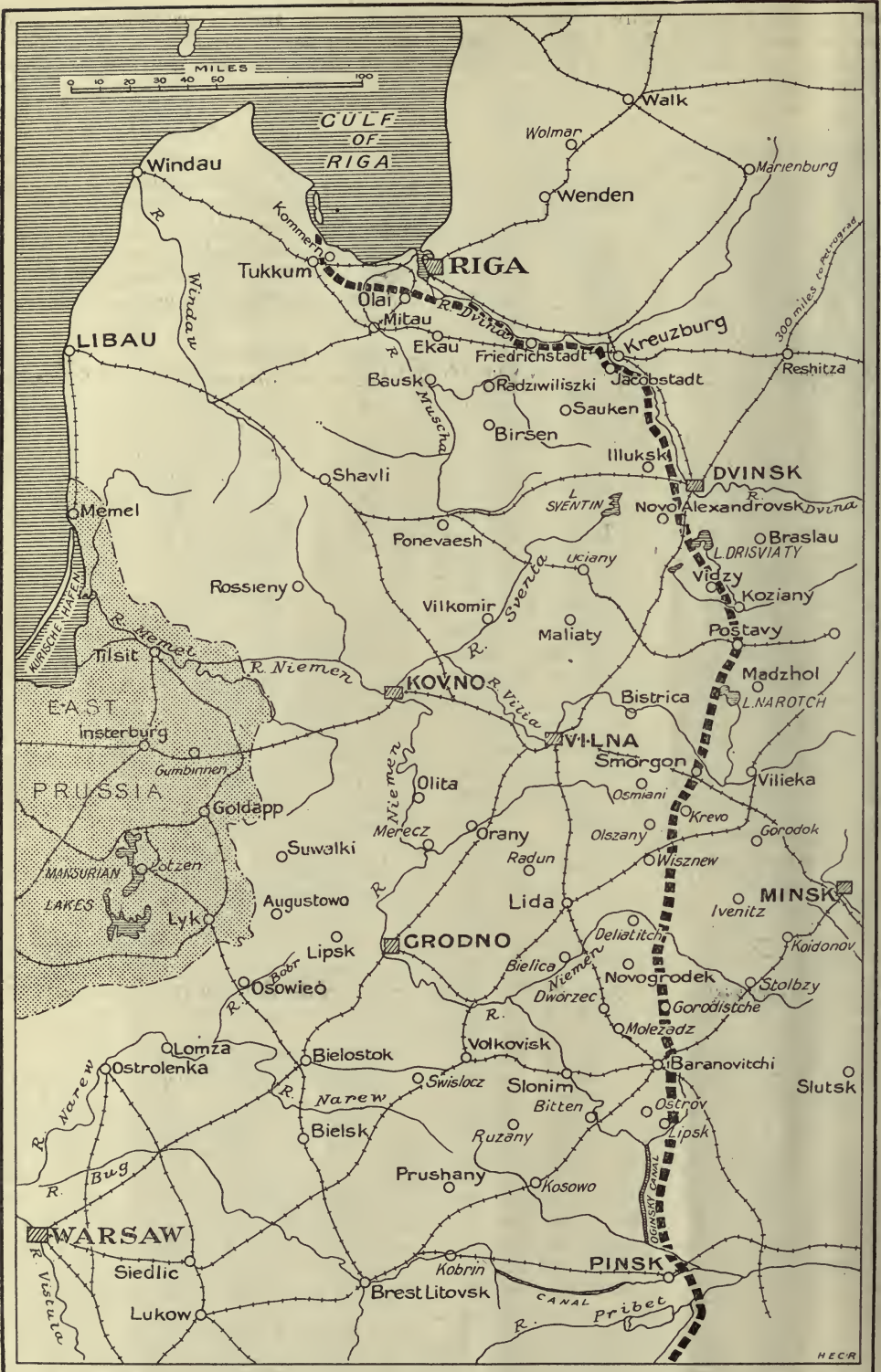
battle front, and to guard it would have to make further serious inroads into their already dwindling man-power. The loss of Odessa, grave as it would be, would not cripple Russia. True, it is a great port, but the sealing of the Dardanelles rendered it useless as a window to the outside world. Bessarabia is a very productive province, and would furnish the enemy with much grain, thousands of head of cattle, and hundreds of thousands of sheep and pigs. Its natural frontier, the Dniester, would, of course, lend itself to defence.

A Greater Roumania.

It may be that the Germans have a different scheme in view. They may intend to create a Greater Roumania, which would include the lost province of Bessarabia within its frontiers, ample recompense for the loss of part of the Dobrudja to Bulgaria. An article in *Stead's* some time ago told of the aspirations of the Roumanians to include their brothers dwelling in Transylvania and Bessarabia within the boundaries of a Great Roumania. It has been freely asserted that Germany promised the Roumanian Government Bessarabia for active assistance in the field, and that the Allies made promises, too. Roumania's long hesitation showed plainly enough that there were two almost equally strong parties in the country, one favouring the Allies, the other favouring the Central Powers. The dream of Take Jonescu and his followers having come to nought, there appearing little chance of adding Transylvania to Moldavia and Wallachia, the Germans may endeavour to win over the Roumanians to approval of their own schemes. Unless, however, they have good ground for counting on Roumanian assistance in holding the Dniester line, an invasion of Bessarabia is unlikely.

The Importance of Galatz.

Already, though, the enemy have reached the Sereth, between Focsani and Galatz, and they are certain to waste little time before crossing the river, which they must do in order to attack Galatz. The advantages of having complete control of the Danube, right to the Black Sea, are so obvious that we may be quite sure the enemy will bend their best endeavours to reducing Galatz. Not only must they possess themselves of it to secure the safe navigation of the Danube, but here must be stored great quantities of grain and petroleum. Probably German high command will not deliver a direct attack on the town, but will strike just north of it straight across to the Pruth, with the



WHERE THE RUSSIANS ARE MAKING THEIR LATEST OFFENSIVE.

[From Stead's War Atlas.

object of cutting the railway over which men and stores from Galatz must go if they would leave the port. Retreat by the Danube must now be impossible, as the enemy have won the Dobrudjan bank. Presumably aware of the danger, the Roumanians have removed what grain they can, and would evacuate before the enemy had advanced far towards the railway which parallels the Pruth.

The Russian Drive at Mitau.

The Russians, unable to block the inexorable German advance in Roumania, are launching an attack against the weakened enemy line in the extreme north. Why they should do so at this particular moment is of more interest than the number of kilometres they are able to win west of Riga. It is improbable that such an offensive will compel the enemy to weaken their forces before the Sereth. It must have some other object. Conceivably the Russians have secured information concerning the intention of the Germans to strike at Odessa, an operation demanding a large number of troops, and, to prevent these going to Bessarabia, are beginning a great offensive in Courland. Another possibility is that the Germans intend to strike at Petrograd rather than at Odessa, or, at any rate, are massing to attack Riga, and the Russian offensive is a counter to that threat. It is obvious that the failure of Roumanians and Russians to stem the onrush of von Mackensen in Wallachia was due to lack of heavy guns, and to absence of necessary war material. That being so, it is hardly conceivable that the operations west and south of Riga will develop into a mighty offensive. Still it is satisfactory to see the Russians advancing in this theatre, as the danger of an enemy effort against Petrograd is ever present. That has so often been referred to in these pages that there is no need to tell again of the crippling effect such a campaign, if successful, would have on Russia.

Another Russian Prime Minister.

Russia has had many Prime Ministers recently, and the curious thing is that each as he appears is hailed as an enlightened statesman, whose appointment will harden the Russian determination to fight to the death, and each, when he vanishes, is said to have been a reactionary. My readers will remember that when M. Sturmer was made Prime Minister I pointed out that whatever he was now he had been a bureaucrat all his

life, and was likely to continue a reactionary. We now learn that, under his rule, German intrigues almost succeeded! General Trepoff was dealt with in a recent number—another bureaucrat. His successor is Prince Nicholas Galitzin, a member, presumably, of that great family of statesmen who have served Russia for centuries. There are very many Prince Galitzins in Russia, some imbued with liberal ideas, but the most influential have Court connections which incline them to be reactionaries. It is probable that Prince Nicholas of the name, whilst being, like all his family, a patriotic Russian, is not inclined to put liberal ideas into force. The trouble is that the men available to fill so responsible a position as that of Prime Minister have been in the Russian diplomatic service most of their lives, and have become reactionary bureaucrats in their long years of service. The Duma, however, appears to be assuming some control of Russia's destinies, and that is all to the good.

On Other Fronts.

In the West the shocking weather has hindered operations, and activity has been confined to desultory trench raiding. On the Italian front the deadlock continues, but in Serbian Macedonia the Italians report some activity, and the capture of a village or two. The arrival of Austrian troops and of Bulgarian forces before Monastir is reported, and the suggestion is made that von Falkenhayn will soon be on the spot with a large army, his intention being to cut through the Serbians and open a way for supplies to reach the Greeks. Little has occurred on other Salonikan fronts. The most gratifying operation to be recorded is the successful campaign against the Turks on the Sinai Peninsula. A couple of weeks ago mounted troops and the Camel Corps captured El Arish, and this exploit has been followed up by a brilliant dash on Rafa, a coast town, some thirty miles beyond El Arish. Here the garrison of 2500 was surprised and overwhelmed. With this action, in which Australians and New Zealanders took a leading part, the clearing of the Peninsula is reported to have been completed. In Mesopotamia the Indian troops are slowly advancing, and appear to have won their way to within sight of Kut-el-Amara.

The Submarine Menace.

According to Sir John Jellicoe, the submarine menace has never been more serious than it is to-day. Merchant ships continue



SCENE OF THE LATEST ANZAC EXPLOIT.

to be sent to the bottom by these underwater craft, and, as the Government at Washington makes no protest, we may assume that the ships so sunk have either been formally warned or else have been engaged in the transport of war material. There has been very little loss of life reported, from which it would appear that the crews have been allowed time to get away in their boats. Naturally, no particulars are given as to where the merchantmen are lost, but cables refer to a wide area of activity in the neighbourhood of the Azores. Great numbers of Norwegian vessels have fallen victims, but Norway has now a big merchant marine, and nearly all her ships are engaged in carrying supplies to Allied ports from America and other parts of the world. In the Mediterranean the U boats' bag includes the French battleship *Gaulois*—which, by the way, was seriously damaged at the Dardanelles on the fatal 18th March, 1915—and the *Cornwallis*, a sister ship to the dreadnought *Russell*, which was lost recently in the same sea. If the peace negotiations come to nought, the "frightfulness" party in Germany is likely to insist on a more reckless and vigorous use of the submarine and the Zeppelin. The food controller in Great Britain has issued somewhat sweeping regulations designed to limit the use of sugar and wheat, and to bring in an era of greater simplicity in living. We are assured, however, that it is not the submarines, but the demands of the military forces, which have made tonnage so short,

freights so high, and, as a result, food so scarce and dear.

The Victory Loan.

Great preparations are being made in England for the flotation of the third war loan, which is known as the Victory loan. It is expected that no less than £2,000,000,000 will be obtained, including conversion from the previous issues. Such conversion is almost certain to be made for the same reason that holders of the first loan converted into the second, namely, that the latest issue will be the best investment. The exact terms have not been announced, but it is generally assumed that the loan will be free of income tax, and will give 5, possibly 5½ per cent. The holders in the two former loans have had to bear income tax, and, even if the present issue were only 4½ per cent., the freedom from tax would make it well worth while converting into it. The sudden rally in the price of the second loan, reported from London this week, suggests that those in the know are buying this stock with a view of converting on favourable terms directly the Victory loan is floated. The first war loan raised in Great Britain carried 3½ per cent. It realised £350,000,000. The second carried 4½ per cent., and realised £600,000,000. So great has been the conversion from the first to the second loan that the present amount of the former is only £62,000,000, whilst the latter has now swelled to almost £900,000,000. In anticipation of the favourable conversion

terms into the new loan the quotation for the second has risen from 95½ to 97½. The price of the first loan was at the end of November 84¾, and has now risen to 87. On November 4th, 1916, there were outstanding Treasury Bills to the value of £1,090,000,000, so that, assuming the Victory loan realises the £2,000,000,000 hoped for, it would barely cover the redemption of the Treasury Bills in addition to converting the second loan.

The Federal Political Situation.

Ere these lines appear the political situation should have cleared, but, at the moment of writing, it is somewhat obscure. As suggested in our last issue, Mr. Hughes will probably go home, making an arrangement with the Liberal Party before he does so. That arrangement, however, is being arrived at in a very roundabout way. Negotiations between the Prime Minister and Mr. Cook came to nothing, and then Mr. Hughes set to work to launch what he called a National Party. The official Labourites will have nothing to do with it, but the Liberals approve, and, so it would seem, intend to join it. The Hughes' sec-

tion and the Liberals refused to coalesce, could not come to any arrangement concerning continued support of Mr. Hughes or agree about the allocation of portfolios in a coalition Government. An alliance is apparently out of the question. But a third, or rather, fourth party, is created which is baptised the National Party. It consists of nothing, is not even a fragment of any of the existing parties. But Mr. Hughes and his followers join this brand new party, and then the Liberals follow suit, and, heigh, presto! the fourth party has swallowed the first and third, and we get back again to a two-party Parliament, on one side the Nationalists, on the other the Labourites. There is no coalition between Liberal and Hughesites; the Liberals do not undertake to support Mr. Hughes, but they join the new party and the Hughesites do so, too, and there we have a happy family from which Ministers can be chosen without bothering about their being of one party or another. Is is a lovely scheme! Presumably we will have a straight fight between Liberal—or Nationalist—and Labour at the next election, not a three-cornered affair between



A "HEAVY" FIRING IN FRANCE.

Hughesites, Liberals and Labour, which could only have resulted in the return of Labour with an overwhelming majority. The election will probably be held in May or June. A good deal may have happened by then.

Killing the Sugar Industry.

After considerable difficulty the question of the validity of an extraordinary award by Judge Dickson with respect to the sugar industry came before the High Court. Particulars of that award and the effect it must have on the sugar industry in Australia were given in these pages a few numbers ago. The High Court judges, realising the urgency and extreme importance of the matter, gave up their vacations in order to sit in Melbourne on January 3rd, and settle the question. After listening to arguments on both sides for three days, it was suddenly discovered that a recent Act of the Queensland Parliament had validated all existing awards, and that the Dickson award, being thus legalised, could not be

questioned. Thereupon the Court adjourned, and apparently the award stands. If it cannot be upset, either by mutual agreement or by law, the sugar industry of Queensland would seem to be doomed. If no more planting is done, there will be no sugar for the mills next year, and those now employed in the industry will have to seek work elsewhere. Wages have gone up and up, and growers have perforce had to introduce better machinery, more efficient cultivation, but the tremendous increases granted by Judge Dickson make it impossible for the cane to be grown or crushed at a profit. Some £12,000,000 are invested in the industry, which is one of the greatest in Australia. If the award stands great areas of the State will go out of cultivation, and one of its best sources of wealth will have disappeared. We refuse to allow Kanakas to work in the cane fields, but it looks very much as if Australia, within a couple of years, would be importing all the sugar she consumes from Java, where it is cheaply grown by native labour.



IN THE LAND OF THE PHARAOHS.
Wounded Tommies taking an afternoon jaunt to the Pyramids.

How the Balkans Block Peace.

There has been, during the last few weeks, very serious reflection concerning the possibility of terminating the war by agreement, and much discussion has occurred about the arrangements that might be made. The more one thinks over the matter the more convinced one becomes that, were it not for the Balkans, some compromise acceptable to all parties might be arrived at, but in that unquiet land the differences between the combatants are so fundamental that their settlement seems well-nigh impossible. Russia wants, has been definitely promised, Constantinople and the Dardanelles. Germany sees in Asia Minor that "place in the sun" which her late arrival into the ranks of the Great Powers has denied her elsewhere. For a free hand in Mesopotamia and Syria, she might be willing to give up her colonies, acquiesce in Britain's demands for the reduction of her fleet, settle the Polish question, and arrange matters with France and Belgium. The presence of Russia on the Golden Horn would make this domination of Asia Minor impossible, yet the Allies are committed to the hilt to give the Tsar Stamboul and the Straits. It is inconceivable that Germany would agree to give up fleet and colonies, Alsace and Poland without a *quid pro quo* in the Levant. That is the first obstacle on the road to peace. There are many others in this Pandora Box of Europe.

IRRECONCILABLE AMBITIONS.

Serbia demands, and presumably the Allies have promised to give her, not only a window on the Adriatic, but also far larger boundaries. Presumably the aspirations of Serbia and Italy, which obviously sharply conflicted, have been brought into agreement, but Austria would never consent to the large cessions of territory the creation of a Greater Serbia would involve. Italy insists on Trieste, of course, but she also wants control of the entire eastern shore of the Adriatic, a control her Allies—at the Rome Conference—have presumably agreed to give her. Roumania wants Transylvania. On the other hand, we have Bulgaria de-

manding the retention of the Southern Dobrudja and Kavalla, also the inclusion of parts of Serbian Macedonia within her frontiers. In order to redeem the Allied promise to Russia, it is necessary to turn Turkey neck and crop out of Europe, and, at the present juncture, it would be exceedingly difficult to persuade the former sick man to abandon his capital. Finally, in order to keep open the road to Bagdad, the Germans must not only have Constantinople, but must also control a highway through the Balkans. This means that the strip of Serbia dividing Bulgaria from Hungary would have to be annexed to one or the other, or that Roumania, like Bulgaria, would have to be dominated by Berlin.

A FATAL OBSTACLE.

There in a few sentences are crammed some of the main points of difference which will have to be settled before peace can come. But these differences all resolve themselves into one main issue—are Teutons or Russians to dominate the Balkans? If, in exchange for abandonment of conquests elsewhere, the Germans can secure that control by agreement with the Allies, peace is certain, and near. If, on the other hand, the Allies insist on Russia controlling the Balkans, and getting Constantinople, then Peace this year is out of the question. I believe, just as strongly now as when I wrote two weeks ago, that there will be serious talk of peace at once, and a Peace Conference perhaps in three months, but whilst I can see the possibility of agreement in Europe, I see in the Balkans a fatal obstacle to a satisfactory conclusion of that Conference. It is by no means improbable that, in the end, we will find ourselves fighting mainly to prevent Germany developing Asia Minor.

RE-MAKING THE MAP OF EUROPE.

In the early days of the war plenty of people amused themselves with re-making the map of Europe, but when we examine the maps produced, and read of the re-

arranged boundaries, we find that, for the most part, those who had been thus diverting themselves, knew little of the politics of Europe, and less of ethnological frontiers. Yet, for all that, the pursuit is a fascinating one, although recently it has rather waned in popularity. But such exercise is not altogether futile, if it be carried out on rational lines, for it speedily shows the immense difficulty of reconciling political needs with ethnological justice. For instance, Constantinople is to go to Russia, but no Russians dwell there at all. Half the population consists of Turks, and of other nationalities Greeks are far the most numerous. If then the Turks must be deprived of their capital, on an ethnological basis the Greeks, not the Russians, ought to have it. There is general agreement that, although France did not enter the war to win back Alsace and Lorraine, there can be no peace without that restitution being made. Yet, so great has been Teutonic immigration into Lorraine, and so thorough has been the Germanisation of the provinces, that only about 200,000 in a population of 1,600,000 speak French. Galicia, our map-makers give to Russia, as reward for her tremendous deeds in East Prussia and Poland, but . . . The Serbs desire Bosnia and Herzegovina, but, despite earnest propaganda work in those countries, the movement for union with Serbia does not seem to be at all general. In fact, if a Slav kingdom were set up within the Austrian Empire, the people of those two provinces would far rather support that than come under the rule of Belgrade. So it goes on in every case. We have found it difficult to settle the Irish question, but that is not a circumstance to the problems which have to be faced if a really equitable settlement of the Balkan and Austrian questions is to be arrived at.

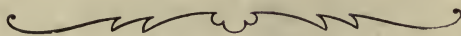
THE YOUNG AUSTRIAN EMPEROR.

Cables tell of the efforts of the young and inexperienced ruler of the Dual Empire to free himself from the German influence, which has so come to dominate the Austrian court. He will find the task a hard one, doubly hard just now. Charles VIII. has, so it is said, strong Slav leanings, and would be inclined to create within his Empire a third kingdom, composed of the

Southern Slavs, and give to the Bohemians and Moravians far greater liberty than they have hitherto enjoyed. But to do this would involve depriving Hungary of some of her fairest provinces, isolating her from the sea and seriously limiting her power in the Empire. On the other hand, the giving of the Slavic races in Austria a direct say in the affairs of the Empire, and thus placing them on an equality with German and Magyar, would unite and strengthen this polyglot realm as nothing else could. The unrest amongst the Slavs is due to their being ruled by Magyar or German. Once give them autonomy, and a Government, or Governments, of their own, and that unrest would disappear. It is said that Archduke Franz Ferdinand was murdered because of his known intention to raise the Slav provinces to an equality with Hungary and German-Austria within the Empire. Had he carried through this scheme, all hope of enlisting the Slavs of Bosnia and Herzegovina, of Croatia, and the Banat in the movement for a Greater Serbia would have vanished. So at least those who planned the assassination argued.

IS A SLAV KINGDOM TO BE CREATED?

The creation of a Slav kingdom in the Austrian Empire would obviously be fatal to the dreams of a Greater Serbia, unless Serbia herself became the principal member of the new kingdom. If the Central Empires could settle the Balkans according to their own sweet will, they would in all probability themselves make a Greater Serbia, which would include old Serbia, the Banat, Northern Albania, Montenegro, Herzegovina, Bosnia and portions of Croatia, but the King of this enlarged State would be Charles VIII., and Belgrade, like Budapest, would be the capital of one of the three kingdoms composing the Austrian Empire. They might even create a fourth kingdom, that of the Northern Slavs, where a separate Government at Prague might rule over Bohemia and Moravia. However, Germany and Austria will not have a free hand in settling the Balkan question, so we need not pursue the subject further, and set forth the objections of Hungary, which would almost certainly wreck any scheme which placed a Slav kingdom on an equality with herself.



HISTORY IN CARICATURE.

Oh, wad some Power the giftie gie us
To see oursels as ithers see us.—Burns.

The reference to the original military forces of Great Britain as "a contemptible little army" has given English cartoonists a splendid subject on which to dilate. Sir F.C.G. shows us the little army—of 160,000 men—and the big one of 4,000,000, and indicates the different impressions made on the Kaiser.

Many cartoons deal with Greece. Enemy caricaturists usually show King Constantine in dignified pose refusing to be bullied or bribed into war. Allied cartoonists, on the other hand, prefer to depict him as entirely under the thumb of his wife, acting indeed as a German agent. The Americans, however, manage to put some

humour into the situation, Sykes, in the *Philadelphia Ledger*, being particularly good. It looks almost as if Alford in the *Baltimore Star* were right and that Mars would soon gather in the last Balkan neutral.

As was to be expected, the Polish *Mucha*, which shifted to Moscow when Hindenburg entered Warsaw, will have nothing at all to do with the German suggestions for an independent Poland, and shows the Kaiser as the devil asking Poland to throw herself down from a hill-top.

The German papers had a great deal to say about the incoming of Roumania, which they described as "treacherous."



[Westminster Gazette.]

1914.

THE KAISER: "A contemptible little creature, my dear Bethmann-Hollweg, not worth bothering about!"



[London.]

1916.

BETHMANN-HOLLWEG: "What a dreadful menace to Europe!"



Mucha.]

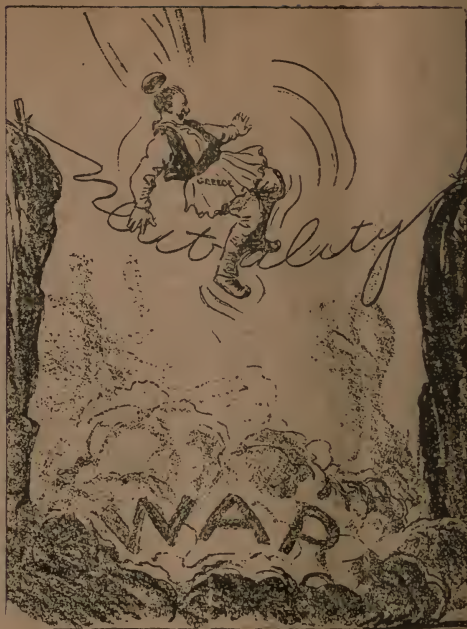
[Moscow.]

THE TEMPTER.

KAISER (to Poland): "I will give you all that lies before you."

POLAND: "But what of that which lies behind me?"

KAISER: "Oh, that is mine; you can't expect me to part with that."



Public Ledger.]

[Philadelphia.]

THE END OF THE BALANCING ACT

All the same, this action of the Latin State did not appear to take them by surprise judging by the speed with which they answered the challenge.

The capture of the Germans' capital in their East African colony forms the subject of a spirited cartoon in the *Cape Times*.



Times.]

[El Paso.]

THE END OF THE BENCH.



Evening Ledger.]

[Philadelphia.]

THE MODERN MARATHON.



Passing Show.]

[London.

THE MODERN MRS. PARTINGTON.

HINDENBURG: "Himmel! Her job was an easy one compared to mine."
(It may be recalled that the original Mrs. Partington tried to push back the Atlantic with a mop.)



Eagle.]

[Brooklyn.

HELD BY A SCRAP OF PAPER.

When the story of this war is told dispassionately, it will, I expect, be found that the "scrap of paper," shown by Harding in the *Brooklyn Eagle*, has been in reality far more efficacious than anyone, judging from the scornful references made to it here, would ever imagine.



Passing Show.]

[London.

THE CONFERENCE TRICK.

THE KAISER: "Continue the fight, boys, and you shall still have this beautiful railway to play with!"

ENVER and FERDINAND (in unison): "But we don't want it!"

THE KAISER: "No, but I do!"



Star.]

[Baltimore.

THE LAST ROSE OF SUMMER.



Cape Times.]

[Cape Town.

BAGGED!

"Donnerwetter! Dah goes my CAPITAL seat."



Reynolds's Newspaper.]

[London.

TALKING OF "BIG ADVANCES."

"Tho' we're far too fat to fight,
We are 'out for blood' all right;
And we think we've 'done our bit.'
When you come to think of it.
We have 'charged,' and we have won,
And we're proud of what we've done;
Never mind a tinker's cuss,
What the country thinks of us!"



Hindi Punch.]

BULL-BAITING AUSTRIA.

[Bombay.



[Passing Show.]

BROKEN TOYS.

[London.]



[Post Dispatch.]

[St. Louis, U.S.A.]

LOOK OUT, JOHN!

The Black List has greatly exercised American journalists, and retaliatory measures were freely discussed a few months ago. After the British explanations it was found that the prohibitions were nothing like as drastic as at first appeared and the matter, whilst still annoying to the Americans, has been allowed to drop more or less.

The purchase of the Danish West Indies by the United States has apparently rather scared some Dutch publicists, if we may judge from the cartoon in *De Amsterdammer*.



[*De Amsterdammer*.]

AS HOLLAND SEES IT.

DUTCH COLONIES (to their mother): "Oh, don't ever sell us to a rich man like that."

MR. LLOYD GEORGE.

BY A. G. GARDINER.*

Mr. Lloyd George tells, with that boyish merriment that makes him so gay a companion, the story of a man who, having saved someone from drowning, was presented with a public testimonial. When, after the eulogies of the Mayor, he was called upon to reply, he said, "Really, I have done nothing to deserve this reward. I saw the man struggling in the water, and, as no one else was by, I saw he would be drowned if I didn't save him. So I jumped in, swam to him, turned him over to see that he wasn't Lloyd George, and then pulled him out."

There is nothing unusual in this story except its humour. You will hear the animus without the humour wherever you go. You cannot escape it—in the tram, the train, the bus, on the platform, in the Press, even in the pulpit. The amiable doctor who wrote to a certain paper insisting that any member of the faculty who attended Mr. George should be hounded out of the profession was not rebuking his brethren in terms of irony. He was stating what he believed to be the solemn duty of his class. He saw that the pests that afflicted society varied with the ages. Sometimes it was the Black Death, sometimes the small-pox, now it was Mr. Lloyd George. The significant thing is that the more polite the circles in which you move the more bitter is the hostility.

But in circles more accessible, hatred of Mr. Lloyd George has become a frame of mind, a freemasonry, a kind of eleventh commandment—unlike most commandments in the constancy with which it is observed. It is doubtful whether any statesman has ever aroused such bitter hostility in "Society." The old lady who, when told at a royal funeral that Gladstone had entered the church, observed that she hoped "he wouldn't make a disturbance," truly reflected the feeling of Society towards that great man. He was denounced as "a Russian spy," he was known to be a kleptomaniac—did not his wife pursue him from jeweller's shop to jeweller's shop and take the silver spoons out of his pocket as fast as he put them in?—even his chivalrous service among the outcasts of the streets was

turned to his dishonour, and the music-halls rang with the refrain about letting Ananias and Judas go free "to take in the Grand Old Man." But at least Gladstone had been to Eton; at least he was "one of us"—a traitor, it was true, but still with something of the splendour of the fallen angel about his baleful head. But Mr. George did not go to Eton; he went to a penny village school—worse, a Welsh village school. The uncle who brought him up did not own land; he mended boots—think of it, O Mayfair! He mended boots and preached in a strange tongue in the little tabernacle at the foot of the mountains. And now . . . but words fail Mayfair. It feels that the linchpin has fallen out of the universe. The truth is that someone has turned over a stone in the field, and all the little creatures who have dwelt under it are running about in wild confusion and with wild cries.

And what of the man who has turned the stone? As he sits before you at the breakfast table—for the breakfast hour in his time to talk—he seems the most light-hearted and untroubled of men. Even little Megan does not seem more gay, nor the black pug that snores on the hearthrug more free from care. Perhaps he has been up at an all-night sitting, perhaps he is in the midst of a world crisis. No matter; there is not a care in life, not a cloud in the sky. The sun streams over the broad parade-ground of the Horse Guards outside, it streams in at the window, it streams through the talk. The postman has brought the usual delivery of anonymous vilification (unstamped). The victim is radiant as he reads aloud some new flowers of venom—perhaps some denunciation of his well-known habit of plundering the Treasury. How, if he has not plundered the Treasury, has he built that castle at Crickieth? "Two rooms and a kitchen on the ground floor," interpolates the plunderer gaily. "And I wanted three so badly," says his wife. Mr. George makes no repudiation of the charge—nay, he delights to prove it; he races over the fatal evidence of his misconduct—he owns a motor car, he is suspected of having a chateau in the South of France.

*Written before the War.

Or perhaps one of the letters reveals his secret intention of setting up the guillotine in Whitehall. The idea delights him—he develops it with enthusiasm, he insists that the parade-ground outside was simply designed by Nature and the architect for a place of execution. He discusses who shall go in the first tumbril, and gallops on in sheer revelry of invention. It is the sparkling improvisation of a spirit all fun and fancy. A book arrives by post. "Christina Rossetti." "Yes, sweet meditative verse," he says. "Beautiful—for occasional use. It is like a shelter on the mountain side when you are caught in a storm. You are grateful for it, but you cannot stay in it long. You must get out into the free air and the wind, and even the hail."

And as he puts the book down a little indifferently, you feel for the first time that a chill has come over him. The spirit of that quiet cell of reverie in which Christina Rossetti habitually dwells makes no appeal to the devouring thirst for action which possesses him. He has little use for shelters on mountain sides or elsewhere. He has the fever of motion in the blood, and is always at the gallop. "Rest!" said a famous Frenchman, "shall I not have all eternity to rest in?" And Mr. George, too, is determined to reserve his rest till the great silence falls. He has never learned the gentle art of loafing, never sat on the beach in the sunshine all the morning and flung pebbles at nothing in particular, never felt that intoxicating peace which falls on one when there is literally nothing to do and all the day to do it in. A holiday is splendid for a day, tolerable for two days—the third day you discover that he has flown. He has poetry in him; but it is not the poetry of "wise passiveness." You will never hear him mention Wordsworth. It is the poetry of life and action that moves him—the poetry of sudden and swift emotions, of old romance, with the clash of swords and the hint of battles long ago. He delights to picture those descents from their fastnesses in the mountains of the wild Welshmen upon the towns on the Welsh marches. You may almost catch the thunder of the hoofs and see the flames of the burning towns that they leave in their wake. And at the head of the raiders there rides a slight man with a large head, a gay laugh, and a dancing eye. I think I know him.

For the fundamental fact about Mr. George is that he is a fighter, and, since it is no longer possible to lay waste the towns

on the Welsh marches with fire and sword, he is out with other weapons to lay waste English Toryism. He leaps to battle as joyfully as Lord Herbert of Cherbury. "The first words I heard," says that fiery Welshman in his autobiography, "was 'Darest thou come down, Welshman?' which I no sooner heard, but, taking a sword in one hand and a target in the other, I did in my shirt run down the stairs, open the door suddenly, and charged ten or twelve of them with that fury that they ran away."

That is Mr. George's way to the life. A challenge is music in his ears. He is down the stairs and at 'em, and if there are ten or twelve, why, so much the happier. He pinks them all with flashing impartiality, wipes his sword, and goes back to bed. It was so when, as a schoolboy, he roused the young Hampdens of the village school to refuse to repeat the Church Catechism; it was so when, as a young solicitor, he broke the tyranny of the country bench and saw the magistrates file out one after another rather than withstand his onset; it was so in the Boer War, when he took his life in his hand and fought the popular frenzy; it was so in the crisis of the Budget, when he was threatened with disaster if he did not consent to the withdrawal of the land clauses; it was so through the long struggle of the Insurance Act. Even his respect for Gladstone did not mitigate his daring. "What will you do if Mr. Gladstone will not give us Disestablishment?" he was asked in his first campaign. "If I met the King in battle I would fire my pistol at him," came the audacious reply, in the words of his favourite Cromwell. And he did fire his pistol at him later over the Church Discipline Bill, and incurred his Olympian wrath. He will never avoid an issue because it means a fight against great odds. He will attack it the more cheerfully for that fact. He loves to go out against "ten or twelve of them," for he likes to see them run.

And with what gaiety he handles his sword. "There are fanatics in every party," interrupts Mr. "Tim" Healy, sitting lonely in his corner seat. "Yes, even in a party of one," comes the swift retort, and Mr. Healy, who loves a neat stroke, even though it goes through his own body, raises his hat in recognition of the swordsmanship. "What is the right hon. gentleman's scheme?" he asks Mr. Bonar Law, who has attacked the Government's proposed settle-

ment of the great coal strike. "It is not our business to provide a scheme until we are on the Treasury Bench," says Mr. Law smartly. Mr. George leans forward, smiles, and says winningly, "He wants the strike to last four years." And who that was present can forget the delicious raillery with which, at the Holborn Restaurant, he drove Lord Rothschild out of the fighting line. Never had a Rothschild come into action before. It was the attack on the land that made him forget that the financier is only safe while he is silent. He will not make the mistake again. Mr. George suffers, of course, the disadvantages as well as the advantages of this swift wit. Discretion is never the better part of his valour. It is but a hobbling beldame that cannot keep pace with his wit, and his habit of exchanging thrusts with his audience sometimes leads him farther than he means to go. It is natural that one who is so challenging in speech and action should arouse violent hostility. To put him out of the fighting line has become the first article of Conservative policy. Hence the extreme virulence of the Marconi campaign. His rather casual habit in his own affairs had laid him open to attack on a matter of judgment rather than of morals, and, owing to the fury of the storm that broke over him, he came perilously near disaster. He learned then how little mercy he has to expect if ever the battle goes against him.

The intensity of this hostility does not overstate his political significance. So long as he remains effective the struggle will rage around his personality. The problem of the influence of personality in politics is fascinating. When the great adventurer appears, the question always arises, Did he make the events or did the events make him? How would the Great Rebellion have fared had there been no Cromwell, with his Ironsides and his Self-denying Ordinance, to sweep away the timidities of the Essexes and Manchesters? What would have happened to the United States had there been no Lincoln, with his pathos and his jest, to keep the soul of the North stable through the dark hour? What would have been the history of France if the great spirit of Danton had not been extinguished on the scaffold? What the history of England if Gladstone had suppressed his distrust of Joseph Chamberlain and made terms with him in 1886?

It is his union of courage, imagination, and sympathy that makes Mr. George the

most formidable figure that has appeared in politics since Gladstone. He has vision touched with a certain humanity, and when he has seen his course he never hesitates or thinks of consequences. He is always out to "win or lose it all." It is the comradeship of high courage that explains Mr. George's well-known admiration for Mr. Chamberlain. "Had he not been driven out of the Liberal Party," he said to me once, "there would have been little left for us to-day—he would have settled the land and the lords and social reform." One wonders what in that case would have been the task of this restless, energetic spirit.

But though he shares the adventurous courage of Mr. Chamberlain, his spirit is different. He bears no enmities. If you stand in his way it is true that he brushes you aside ruthlessly, but without malice. He carries himself with a frank gaiety that is irresistible. There is no livelier companion at the table, or on the links, or in the smoking-room. His talk flashes from grave to gay with swift, prismatic changes—now a snatch of a sermon, then a phrase of Welsh poetry, now a joke, then a story—and if you are very lucky he will give you a nigger song that he has learned from little Megan. And his talk all comes straight from life. If he speaks about books it is only as lamps for the present.

This intense interest in the actual world is the source of his vivacity and freshness. Whether right or wrong, he is always giving you life at first hand. He does not see things through the spectacles of theorists or the formulas of parties, but with his own eyes. He has no abstractions, and his ideas are flesh and blood. It is as though he has come into the world from another sphere and sees it all anew. No man ever rose to such power with so light an obligation to the past, by so free an action of his own powers of flight, with such an entire reliance upon the immediate teaching of life. All his lessons, like his talk, come straight from the mint of experience. Thus, speaking of the perils of the poor from insolvent friendly societies, he will tell you how, when he was a boy, he used to take his uncle's shilling a week to the friendly society. "And when he fell ill the society had failed." Out of that memory largely came the Insurance Act. The result is that he is the least doctrinaire of men. You will never hear him talk about a theory, and his speeches are brilliant improvisations upon a theme rather than elaborately con-

structed arguments. They have the quality of vision and swift intuition rather than of the slow processes of thought. He is motivated by quick sympathies, not by cold reason, and he is more at home in attacking a visible wrong than in defending an abstract right. His defence of Free Trade, for example, has never been one of his conspicuous achievements. Indeed, he is not happy in defending anything. He prefers to hear the cry, "Wilt thou come down, Welshman?" and he holds, with the German War Minister, that "the best parry is the lunge." From this reliance upon intuition and impulse comes not merely his strength but his weakness—that light hold of principles, that indifference to doctrine, which he shares with Mr. Chamberlain and which keeps you always a little uneasy. Where will his pragmatism lead him? You rejoice in this splendid breadth of sail that takes the wind so gaily; but you wish you were a little more sure about the sufficiency of the ballast in the hold. And then perhaps your doubts are resolved by remembering how loaded down the ship is with the ballast of old wrongs and present interests, how crushing is the *vis inertiae* of society, and how priceless and rare is the dynamic energy which Mr. Lloyd George has brought into politics.

And, with all his likeness to Mr. Chamberlain, he has a saving quality that Mr. Chamberlain had not. It is that nearness to the heart of the poor which is, I think, ultimately the motive-power of his life. He came from the people and his heart remains with the people. That, in the absence of a political philosophy, is the compass that may keep his course true—that, and the touch of imagination and poetry that gives wings to his purposes and range to his vision. His peril is that his attachment to democracy is sentimental rather than the product of ideas. He has as little contact with organised labour as he has with the theories of Socialism or philosophic Radicalism, and democratic sympathies alone, unfortified by democratic thought, may in

time of stress be strangely perverted. He is the potent of the new time—the man of the people in the seat of power. He has no precedent in our political annals. Our politics have been governed by men who have studied the life of the people as others have studied the life of ants and bees, objectively, remotely. Even Bright, Cobden, Chamberlain were not of the people. They were of the middle-class, and knew the poor as the instruments of the great employer. Mr. George comes out of the great hive itself. In him democracy has found its voice, and to him it will be loyal as long as he remembers.

And he does remember. On the day he became Chancellor he left the House with a friend of his boyhood. As they talked of his advancement he said, "In all my career I do not remember a hand being held out to me from above, and a voice saying, 'Dring i fyny yma' (Climb thou up here). But don't misunderstand me," he went on, "there have been thousands of hands which have pushed me up from behind." He does not forget those hands. He does not forget from whence comes his authority and his commission. There have been times when one has feared—times when his light anchorage seemed in danger of yielding to the impact of opportunism. But that memory of his own people, that loyalty to the inspiration of the mountains and the simple traditions of his fathers, has kept his course true. For, however, much the glitter of the great world delights him, his heart, untravelled, always turns back to the village between the mountains and the sea. On the day of the memorial service to the late Marquis of Ripon, as he left the Westminster Cathedral with a colleague, he talked of the splendour of the ceremony. And his companion remarked, laughingly, "When you die we'll give you a funeral like that." "No, you won't," came the swift, almost passionate reply. "When I die you will lay me in the shadow of the mountains."



HOW AMERICA HAS HELPED THE ALLIES.

An article by Mr. Noel Buxton, M.P., in *The Contemporary*, will be read with great pleasure by those who have always maintained that the bitter things said about the United States here were entirely uncalled for, were, in fact, merely the futile babblings of ill-informed and unthinking persons. He writes on "The War and America," and says:—

While any American Government must endeavour to be neutral, the Wilson Cabinet has so distinctly adopted the side of the Allies that it is bitterly attacked by the pro-Germans, and also by the party which favoured strict neutrality. President Wilson ought to have credit upon this side of the water for this partiality. He refused to place an embargo on the export of arms, under which the Allies would have been starved of ammunition.

However much we may regard the American motive as a money-making one, it is arguable that America at one time saved us from extreme danger. It is, of course, true that fortunes have been made in supplying our needs (as they have been made in Japan and other belligerent countries), but we can easily be too satirical on this point. It is recognised that trade in general has been seriously dislocated, and that the benefit of a booming trade at certain points on the Eastern coast may be a very doubtful benefit to America as a whole. Americans, though they worship business success, have also a higher standard of humane and decent feeling than many other nations, and it would surprise the cynic who visited the arms-making centres to find how general is the desire to see an end of the war. At Bridgeport, for instance, where the Remington Company has erected immense factories and engaged an extra 40,000 hands for the war trade, public feeling is nevertheless overwhelmingly in favour of peace.

It is felt that the friendliness of America ought to have been more fully realised in England, for the partiality of the Government for the Entente is not denied in any quarter.

Mr. Buxton's visit to the States has convinced him that many of those most friendly to the Allies would have opposed America's entry into the war on the ground that better service could be rendered us by supplying arms and ammunition. Even the influential men who have recently attacked President Wilson because he did not protest against the Belgian atrocities, actually expressed approval of the policy of strict neutrality at the time. It is said that Dr. Wilson was timid—people in Australia have gone a good deal further than that—but to call him pusillanimous is to forget the magnificent courage with which he overruled the propo-

posal to break international agreements as to the Panama Canal dues.

Long ago I showed in these columns that America was helping us far more by supplying war material and preserving a benevolent neutrality than she could possibly do by plunging into the struggle herself. But our inability to look at anything save from our own narrow viewpoint was responsible for a wholly unjust fault-finding with the actions of the President. Even to-day his notes concerning the submarine warfare are ridiculed, but, in time, we will be forced to admit that these derided notes were even more instrumental in stopping the underwater frightfulness than the magnificent work of our Navy. This is shown by the present activity of U boats, which are sufficiently powerful to enable them to comply with the strict letter of international law in their ship-sinking exploits, and thus avoid bringing about a break with the United States.

Those who hold the view that whoever is not openly on our side must be against us would have America assume so benevolent a neutrality that never on any occasion should she protest against Allied doings. Mr. Buxton asks what more a neutral could do than America has done.

Possessing as we do America's goodwill, it is of importance to consider what services we desire her to render. We have seen that to enter the war was not practical politics. Let us, then, put ourselves in the position of the President, desiring to render whatever service is otherwise feasible, in the capacity of a friendly neutral. In the first place, the appearance, at least, of neutrality would need to be maintained. In dealing with infringements of international law, and with neutral rights, charges against Germany would be pressed to the full, but infringements by the Allies would not be wholly ignored. The President adopted, in effect, the policy of impartiality in words, friendship to the Allies in deeds. Hence the notes of protest, some of which have given natural umbrage here, and have created an impression of coldness to England, but which were in reality, from the American point of view, a ceremonial necessity. Secondly, neutrality would be strained as far as possible towards assisting the Allies, especially as to the essential questions of financial aid, the supply of arms, immunity from submarine attack, and the rights of blockade.

Financial aid might easily have been hampered; it was, in fact, facilitated.

The agitation for an embargo on the export of munitions was very strong indeed.

Resolutions were brought forward in Congress; petitions were presented; and it would have been simple for the President to impose a vote on exportation. It required a strong man to resist this. The veto would have been disastrous for the Allies, . . . The supply of arms, which came at a vital time, might easily have been cut off if American feeling had been unfriendly.

As to the submarine question, strict neutrality would surely have accepted the German proposal that certain ships should be exempt from submarine attack while freedom of action by Germany should otherwise be sanctioned.

A benevolent neutral the United States has certainly been, but some of her protests to the Allies were undoubtedly sent in all sincerity . . . We are a belligerent just now, but, in some future war, where we are lookers-on, we will have every reason to rejoice at the manner in which Dr. Wilson has consistently upheld the rights of neutrals throughout the whole struggle.

Our own good fortune in securing American friendship comes home to everyone who witnesses the incredible developments across the Atlantic. Provided that we do not let that friendship fade, by negligence or indifference, we shall at all events possess the most powerful friend in the world. America's potential force is so great that when the Allies find themselves in agreement with her on the principles of settlement, it will be virtually impossible for Germany to defy those principles.

In conclusion, Mr. Buxton refers to the League to Enforce Peace, and Dr. Wilson's declaration concerning a league of nations to keep the future peace of the world, which echoed what Viscount Grey and Mr. Balfour had both stated to be necessary.

Mr. Wilson's declaration has all the more weight because of the universal interest felt in America in its proposals. They were made at a gathering of the League to Enforce Peace, often called the Taft League, which represents a movement of extraordinary magnitude. It is above party. It has branches in every State. The personal support which it has enlisted everywhere could hardly be more influential, and it is conducting a great campaign in spite of the existing campaign for the presidency. At a single meeting in Washington it raised for this purpose £74,000 sterling. The movement is synchronous with the increase of international feeling as opposed to the tradition of isolation and to narrow nationalism. The League comprises the chief authorities on foreign affairs, including not only Mr. Taft, but Mr. Oscar Straus, the well-known Ambassador to Turkey, while Mr. Root has written in its favour. These men have discounted the obstacle which might lie in the powers of the Senate, since that body has become increasingly responsive to public opinion.

It was thought that the President's speech would be acceptable to the Governments of the Allies, as being in line with the utterances of their Ministers, as making what had been vaguely adumbrated by them a matter of recognised practical politics, and as showing that the permanent security which it is our aim to achieve by the crushing of German militarism, is made more clearly feasible by America's adhesion to a combine of nations to prevent war.

Disappointment was felt at the absence of response from the Allied Governments to the American offer of participation in the scheme. It will, however, we may hope, be assumed in America that no coldness was intended to be shown, since the policy of our Ministers has, through American support, become a more definite reality. The eagerness, at all events, of both great American parties, to prove themselves sound on the subject of treaties to enforce peace, continues, and furnishes one of the chief features in the international outlook.

AMERICA TALKS WHILST NORWAY ACTS.

We have heard a great deal about the way in which America intends to again challenge Great Britain's marine supremacy, and in proof of this determination we are told about the Shipping Board set up by the Government, and given figures of the tremendous activity in American shipyards. It would not be surprising if at this moment there is a greater tonnage building in the United States than in the United Kingdom. But when we come to look into the matter we find that the much-talked-of Shipping Board has not yet come into being, and that not half the tonnage is being pro-

duced for American firms. It is estimated that no less than half of it is for Norwegian owners!

Actually whilst the Americans have been so busily talking about the creation of a mighty merchant marine, the hardy Norwegians have come into the shipyards of the United States and have taken more than half their capacity. Not only have these eager Northerners done this, they have purchased every American ship they could get hold of, and have also bought contracts for the building of ships in American yards. An American, let us say, has secured a con-

tract with a responsible ship-building company for the construction of a vessel that was to cost, perhaps, £80,000. Having got this fixed up, he hands over the contract to his broker, who quickly gets in touch with some ship-hungry Norwegian, who is only too glad to take the contract off the American's hands at a premium of £40,000 or so. Writing on the matter in *The Saturday Evening Post*, Mr. Will Payne says:—

There have been a good many cases like that. Usually the shipbuilding company prefers to hold the American whose responsibility is known to it, so the contract for the building of the ship stands as it was drawn; but the American and the Norwegian make a separate contract whereby the latter—first paying down a fifth or so of the purchase price—binds himself to make further payments in such a way as to cover the American's payments. At the end of the deal the American has a fine profit, but the ship goes at once under the Norwegian flag.

Of course the Norwegians wouldn't pay a premium for a contract if they could let a contract direct to a shipbuilding company; but all shipbuilding concerns here and everywhere else—excepting possibly in Germany—are choked with orders, and Norwegians have already let in this country and Canada as many orders as the companies would take and guarantee delivery within a reasonable time.

It is obviously a rather difficult matter to know exactly how many ships now building in the States are really for Norwegians, many apparently to the order of the Americans having already been bought by these energetic Scandinavians. Not only have these folk been busy on the seaboard, but the Great Lakes have witnessed their activities.

Shipyards in Cleveland, Detroit and Chicago have signed contracts with them, and September afforded the unique spectacle of a Norwegian ship navigating Lake Erie. One of their inland-built boats had been completed and was steaming to sea by way of the Welland Canal and the St. Lawrence River. Of course shipyards in Norway are doing all they can, and it is reported Norwegian orders have been placed in every neutral European yard that would take them on tolerable terms.

In pre-war days Norway had the greatest *per capita* tonnage in the world, and at the present rate that tonnage must have been considerably more than doubled.

The Statistical Abstract gives Norway a little less than two and a-half million population, and it is a rather poor country, with no great industries, no large accumulations of capital, less than two thousand miles of railroad, and yearly exports round £20,000,000, or about the same as Algiers. But it is decidedly a seafaring country. Be-

fore the war it had, in round figures, two million tons of merchant shipping, or something over eight-tenths of a ton a head. This is double Great Britain's tonnage per capita and compares with five-hundredths of a ton for the United States. Sea fishing is one of its chief economic concerns.

Many people have been asking where the Norwegians get the money from to pay for these hundreds of ships they are buying or having built, for a great many million pounds have been involved in their shipping transactions in the United States. The money is always forthcoming though. One New York Bank alone has already paid or engaged to pay about £10,000,000 on account of Norwegian ship investments. The total amount these ship-hungry folk have invested in shipping in the American market is estimated at £30,000,000, just three times what the United States Government, after prodigious debate, proposes to invest for the purpose of inaugurating a new era in American merchant marine!

Naturally there is much conjecture as to where all the money really comes from, for Norway is a comparatively poor country. Unsubstantiated rumour has attributed some of it to German sources, for the German shipowner has been put out of business on his own account. Not being able to get into this shipping boom with a boat under his own flag, it has been surmised that he might be getting it through Norwegian friends. But if there is any such German participation the German Government certainly doesn't take it into account, for German submarines have been excessively free and easy about sinking Norwegian merchantmen, notwithstanding their neutral flag. Almost every day now comes news of some Norwegian vessel sent to the bottom. In fact, Norway has lost more tonnage through submarines than any other non-combatant nation, and practically as much as France. It looks as though Germany took special pleasure in puncturing a Norwegian hull.

There is also a conjecture that some English capital may have been slipped over to Norway for investment in ships, because investment in British ships is subject to a double handicap: First, the Government is very likely to take over the ship, paying therefor substantially on a pre-war basis, which gives only a moderate return on the investment. Second, the Government will certainly levy a heavy tax on the ship's profits—this levy, in the form of war tax, income tax and surtax, being estimated at seventy per cent. or more of the net earnings.

But the best-informed opinion is that Norway finances these ship purchases out of her own capital and out of her ship profits. Two and a-half million hardy and industrious people, even if they do not look at all plutocratic, can dig up a great deal of money when they set their minds to it.

Unquestionably Norway is quite unambiguously digging up for ship ventures.

Norway appears to have gone in for marine enterprise, lock, stock and barrel, much as Canadian and Western American towns go in for a real estate boom.

At the beginning of the war Norway had two million tons of merchant vessels. When the effect of war on ocean freight rates began to be clearly apparent the Norwegians pitched right in to increase their tonnage in every way, by chartering, buying and building. They have reaped immense profits. Quite often a ship has paid for herself on a single voyage. Paying for herself in six months has been rather the rule. And the profits have gone back into the game, buying and building more ships. Moreover, the profits have been very enticing to investors, so that whoever could scrape up a krone has been pretty apt to put it into shipping shares. Thus the best-informed people, as far as I am able to find out, believe Norway is substantially financing the thing herself.

Huge profits have been made and will continue to be won. Mr. Payne gives some remarkable examples of this, and then says:—

Eschewing all mere gossip of the water front, and turning to that solemn publication, Lloyd's—something which, in shipping circles the world over, is vastly more unimpeachable than the Decalogue—you find a long list of sales of steamers in the third quarter of 1916, with something of the boats' histories. Here is the "Scottish Glens," sold in 1910 for £3000, and sold this year for £47,000. Here is the "Alcides," twenty-four years old, costing £26,000 when the builders delivered her, span and new; sold in 1912 for £6000; sold this summer for £68,000. The "Brabloch" sold for £4400 in 1911; sold recently for £56,000. New British-built boats are selling for £35 a ton against £10 one year ago. Old sailing vessels, regarded as little better than junks three years ago, have sold for £20 a ton.

He then goes on to discuss the possibility of American yards competing successfully with the British when the war is over. The bigger the output the lower the cost, and by adopting methods of standardisation it should, thinks Mr. Payne, be quite possible for American yards to more than hold their own. But whether a great mercantile marine can be built up and operate successfully under the American navigation laws is another matter. He concludes:—

Legislative reaction to the shipping boom so far is viewed with pretty universal disapproval in shipping circles, which see little promise of enduring good in the investment by the Government of fifty million dollars in merchant ships for a period strictly limited to five years. On the other hand, the

shipping board for which the new Act provides is in general warmly approved. It promises a disinterested, capable governmental body to study this shipping question in a comprehensive and scientific manner. The question clearly needs such study.

Time was when the American merchant marine led the world. Our own ships not only carried two-thirds or more of our own foreign trade, but a good deal of other nations' foreign trade as well. It has often been said this was because ships were then built of wood, and we had a great supply of timber suitable for shipbuilding and convenient to the seaboard. But that certainly was not the real reason. Indeed, it seems that in the palmiest days of the American merchant marine, ships could be built more cheaply elsewhere—at least, in Northern Europe and in Canada. And it is beyond question that the wages of American seamen were then higher than those under any other flag. To that extent we had the present or the pre-war condition that other ships could be built and operated more cheaply than ours.

American ships were pre-eminent, not because they were built more cheaply or operated more cheaply, but because they were built more skillfully and operated more skilfully. In plain, uncomplimentary language, they beat all competitors because they had more brains and more nerve.

To be sure, that was away back in the romantic times of the sea, before the Civil War, when operating a ship involved all sorts of strange terms that sound so exciting in a book. Shipping men say it is all different and humdrum nowadays, with steam and steel. But a landlubber may wonder whether the essential conditions of supremacy are ever really very different.

During the first few months of the war American owners transferred 192 ships from foreign flags to their own. They were easily able to do this, because they really owned the ships but operated them under foreign flags, because to do so was much cheaper. The transfer was made to minimise the danger the ships ran. Thus it came about that in 1914-15 the amount of steam tonnage engaged in foreign commerce flying the American flag increased from 700,000 tons to 1,300,000 tons. But since these transfers, and up to the beginning of October, 1916, 184 ships of 140,000 tons were sold from under the American flag to other nations, the great majority going to Norwegian register. So actually the American mercantile marine, instead of increasing, has decreased during the last year. The Norwegians, in addition, bought vessels from all parts of the world—80,000 tons from Greece, 50,000 tons from Sweden, 40,000 tons from Spain. In the first year of war Norway, in fact, bought 340,000 tons, and her purchases since then have been on a much larger scale.

MAXIM GORKY AS A DEFENDER OF THE JEW.

The three greatest figures in Russian letters to-day are responsible for a volume of articles in defence of the Jew, collated and published in Russia some time ago under the title of *Stchit*—"The Shield." The editors of this volume are Maxim Gorky, Leonid Andreyev, and Feodor Sologub. Within a period of several months it has passed its third edition, and its contents assure it of more than contemporaneous interest. The flower of Russian journalism, belles-lettres, and philosophical thought is represented in this book by timely and comprehensive contributions. Maxim Gorky's part in the volume, in addition to editing, consists of an article and a story. After analysing some of the negative characteristics of the Russian with a cutting mercilessness, Gorky writes:—

The disgraceful (for Russian civilisation) condition of the Jews in Russia is the result of our indifference toward ourselves, toward the strict and just demands of life.

In the interests of reason, justice and civilisation, it is impossible to permit that among us live a people without rights. We could never permit it had there been developed in us a feeling of self-respect.

We have every reason to count the Jews as our friends. What have we to thank them for? They are and have been accomplishing lots of good along the paths trodden by the best Russians. And yet, without disgust and indignation, we carry on our conscience the shameful stain of Jewish wrongs. In that stain there is the dreadful poison of false charges, tears, and the blood of numberless pogroms.

Gorky then takes up the subject of anti-Semitism, and in what he has to say about it there is no lack of feeling.

I shall be unable to discuss anti-Semitism, Jew-hatred, in the manner in which it should be discussed. I shall be unable to do so not because I lack power or words, but because something which I cannot overcome prevents me from it. I could find words sufficiently harsh, heavy, and pointed to throw into the faces of the man-haters, but for that purpose I would have to descend into some dirty pit, to put myself on the same plane with people whom I don't respect, and who are organically odious to me.

I am inclined to think that anti-Semitism exists as indisputable as leprosy or other diseases, and that the world will be cured of it only through civilisation which, though slowly, nevertheless does liberate us from diseases and vices.

This, of course, does not free me from the duty to combat in all possible ways the development of anti-Semitism, to guard

people, to the limit of my abilities, against the contagion of Jew-hatred, for the Jew of to-day is my close friend. I am one of those Russians who stand the oppression of the Jewish people. . . .

After paying a generous tribute to Jewish morals, wisdom, and idealism, the celebrated Russian author continues his appeal.

It is unbearable to see the people who have created so many beautiful, wise, and necessary things for the world live among us oppressed by special laws limiting their rights to life, work and liberty in all possible manners.

It is necessary, for it is right and useful, to equalise the Jews with the Russians in rights. This must be done not only from respect for the people that have served humanity and us so long, but from respect for our own selves.

This simple, humane task must be tackled at once, for the hatred of the Jews is growing in Russia, and if we should not endeavour to stop right now the growth of this blind hatred, it will react detrimentally on the development of civilisation in our country.

One must remember that our own people have known little good and, therefore, easily believe all the bad things preached to them by man-haters. There is no natural dislike for the Jew in the breast of the Russian moujik. On the contrary, he shows even some inclination toward the religious side of Israel, charming in its democracy. In spite of this, however, when a Russian moujik hears of the persecutions of the Jews, he says with the indifference of the Oriental: "The innocent are not persecuted and not punished." He certainly ought to know that in holy Russia the innocent are but too often persecuted and punished. . . .

Our village does not like restless people, even when their restlessness is directed toward the achievement of a better life. All of us are very Oriental; we like rest, stagnation. And a rebel, be he even a Job, excites our interest only in an abstract manner. . . .

And the Jews are defenceless, and this condition is especially harmful in the circumstances of the Russian life. Dostoyevski, who knew profoundly the Russian soul, has more than once pointed out that defencelessness arouses in us a passionate yearning for cruelty, for crime. In recent years there have appeared in Russia many people who have been taught to think that they are the cream of mankind, and that their foe is the foreigner, and, first of all, the Jew.

These people have been persuaded for many years, persistently and steadily, to believe that all Jews are restless people, strikers, rebels.

Then they were informed that the Jews like to drink the blood of kidnapped chil-

dren. In our own days they are being inspired with the belief that the Jews of Poland are spies and traitors.

To this latter accusation Maxim Gorky replies in another article in which he shows that the Russian disasters and defeats were

due to Russians solely. The names of ex-War Minister Sukhomlinoff, of Colonel Myasoyedoff, who was hanged for treason, and of General Grigoryev, who delivered Kovno to the Germans, are cited by Gorky as sufficient proof of his contention.

RUSSIA IN WAR TIME.

A French writer, Jacques Bainville, gives a highly interesting account—in the *Revue des Deux Mondes*—of Russia and the Russian people, based upon personal experience and historical insight.

It would be a mistake to suppose, the writer remarks, that Russia is but little sensible of the war. One is inclined to think so, owing to the vast extent of the Empire and its resources in men—greater than those of any other country. Russia has mobilised millions upon millions of soldiers; she needs them to carry on the war on three fronts, from Riga to the banks of the Euphrates. Last winter the writer saw numerous bodies of men, legally exempt up to that time, called to the colours. They were fine, robust youths, strikingly well equipped. Did not the Turkish officers say after the capture of Erzerum that the Russians had carried the day by their boots? It was these sturdy recruits who reinforced Brusiloff's armies, enabling him to undertake his brilliant offensive last summer.

These levies do not, it may be, affect life in general as much as they do in France. Yet they are felt in many ways. Last winter the problem of heating became serious; there were scarcely enough arms to supply the needed amount of wood; transportation, monopolised by military exigency, was insufficient for the needs of a capital so remotely situated. Thus there ensued a dearth of provisions, necessitating a recourse to meatless days in an agricultural land which produces every necessary article of food in abundance.

Severe restrictions were placed, above all, upon social distractions. The theatre, the ballet, it is true, retain their brilliance and attraction. More than any aliment, music and the theatre are prime requisites of the Russians. One must not gauge the spirit of the Russians in that respect, in this war, by what prevails in France. "They do not share our conception of mourning, our idea that the loss of a relative or a national misfortune should cause us to forego pleasures, even esthetic ones."

Night life, usually so gay, is, however, almost entirely suspended. The closing of

the restaurants at eleven in winter, at one in other seasons, is a tremendous innovation. Above all, the interdiction of wine and alcoholic drinks is a sign of the times, the greatest index, perhaps, of the gravity with which the Russian Government envisages the war. The prohibition of vodka has been an indisputable benefit of autocracy, which alone could take a stand against private as opposed to the general interests. The writer noted the disappearance of drunkenness and the signs of general well-being on every side, despite the high cost of living. He expressed his pleased surprise at the latter circumstance to M. Bark, the Minister of Finance, who unhesitatingly replied that it was due to the prohibition of alcohol, which, freeing the rural population from a dominating passion, permitted peasant savings for the first time in Russia.

But to this inhibition of vodka, the people's drink, a corresponding measure had to be adopted affecting the higher classes. Hence the interdiction of choice wines and liqueurs—a measure rigorously maintained despite customs and manners. Here we have a tradition of Imperial Russia—reforms imposed from above. It is thus that Peter the Great grafted Western civilisation upon his people, compelling, among other things, his boyars to part with their long beards. That the law regarding drink has now and then been evaded goes without saying. At Moscow drunken revelries were notorious, customary things, regarded as inoffensive. But there, too, they have disappeared, or must at least hide from the vigilant eye of authority. So that fighting Russia is a sober Russia, regardless of its dignity. It should be added that kvas, an old popular rural beverage, made of bread or apples, has taken the place of wine. Thus by a curious reversion Russia, down into the details of domestic life, is being "renationalised." That tendency is, indeed, one of the most sensibly felt general effects of the war.

We find a similar phenomenon, in a different field, in the question of language. The order prohibiting the speaking of Ger-

man, affixed upon every wall, has met, perhaps, with greater resistance. The habit was ingrained; it was due, notably in the capital, to manifold causes—historical, ethnical, to commercial relations, proximity, an immigration which became essentially a colonisation. A thousand circumstances, great and small, evidenced what other countries termed German enterprise. Against this invasion the war has caused an energetic reaction. In the Crimean War the Michel Theatre never closed its doors. That war was a war of diplomacy: the same cannot be said of the stupendous shock of peoples and nationalities to-day. That is why the new baptism of the capital founded by Peter the Great has so remarkable a symbolic significance—it is the expression of a new state of things.

If the war signifies for Russia as well as all the belligerents, the beginning of a new era, many symptoms point to nationalism as the characteristic trait of the future. The question of language is worthy of attention in that regard. Formerly autocracy, in order to introduce European civilisation into Russia, had conquered the native hatred of the foreigner. To-day, the tendency is to dispense with Western educators, to look upon Russian ideas, language, literature as sufficient—an evolution felt in the air since years, but hastened by the war.

For the rest, one often hears the idea expressed—under various forms, very vague ones at times—that the war of 1914 will mark the date of a deliverance for Russia. This liberation refers to foreign influence. We must remember that the Russian philosophical conception of the conflict differs from that of the Western powers. Russia's age-long relations with Germany have been of a somewhat different nature from those of the Latins. "The German does not appear to the Russian as the barbarian whose hordes have from century to century crossed the

Rhine in order to conquer and devastate our soil. The Germans are for us what the Tartar-Mongols were for the Slavs. To the Russian people, on the other hand, the German was known as a colonist, an exploiting parasite who treated the moujik as a beast. . . . Hence the hatred of the Russian peasant for the *Niemetz*, the stranger, the 'dumb one,' who does not speak his language, who despises, beats, and exploits him. . . . It was this feeling that prompted the popular uprisings in Moscow last year, aimed (at times with a regrettable lack of discernment) against everything that smacked of German origin."

On three fronts Russia is fighting three different foes. And this diversity imparts varied forms and aspects to her conflict. In the Caucasus she is engaged in a struggle with the Turks. And the Turk is the hereditary foe, the one against whom she has always had to fight, against whom her people cherish a historic grudge. In this respect, too, her aims are traditional. They are universally felt and understood. The object is to achieve the old national programme, to reach the open sea—a vital necessity, . . . and it is that idea, that instinct, that hope, which lends wings to the armies of Grand Duke Nicholas, invading Asia Minor.

The Austrian front, however, bears a different physiognomy. There we have a variegated adversary of many nationalities. On that front, full of surprises, the Russian soldier has a dim sense that the war is a political one, in which national passions play but a small part, since it happens now and again that he finds himself among his own race.

Moreover, the Austro-Hungarian army, even its sturdy elements, devoted to their flag, is far from resembling the relentless war machine set up by the Prussians. In the Austrian soldier the Russian soldier may find a man. As to the German soldier, he is the "devil," as he says—that is, an enemy, cruel, haughty, obstinate.

CONCERNING MONGOLIA.

Locked in between the territories of Siberia and China, the vast Mongolian kingdom has no means to reach the outside world. Soon after the Chinese revolution, Outer Mongolia, which is the part lying north of the Gobi Desert, declared its independence. Jebtsun Dampa Hutuktu—the Venerable Sacred Saint—was declared emperor. The Russian Government recognised the autonomy of Outer Mongolia in 1912. And in 1913 Russia and China agreed as to

Mongolia, the former recognising the latter's suzerainty over Outer Mongolia and the latter recognising its autonomy.

But, though Mongolia is nominally under Chinese domination, Russia became interested in north-western Mongolia, Japan in south-western. Russia loaned two million rubles to Mongolia. In 1914 a bank was established in the kingdom with the directorate in Petrograd. Russia conceded to Mongolia the right to construct its own rail-

roads with Russian "co-operation." In March, 1915, Mongolia issued its own legal currency, one side in Russian and the other in Mongolian. All this took place before the Russian-Japanese convention of last summer was signed. What is taking place in Urga, the capital of Outer Mongolia, at present is shown by the following newspaper quotations. The Harbin *Vestnik*, a Russian-Manchurian newspaper, publishes a note delivered by the Russian Imperial Consul at Urga to the Mongolian Government:

In a despatch received from the Imperial Russian Government, it is stated that many posts in the autonomous Mongolian Government are held by persons of ecclesiastical orders, and on account of this misunderstandings often arise between them and the temporal authorities. This friction not only hampers the solution of important and urgent problems, but also is harmful to the good relations between the two nations. The Russian Government therefore requests the Mongolian Government to dismiss the ecclesiastic persons holding high positions, and replace them with men of secular character. In delivering this to you in the name of the Russian Imperial Government, I beg the Mongolian Government to communicate this to the head of autonomous Mongolia, Bogdo Jebtsun Dampa Hutuktu-Khan, and let me know of the decision.

The newspaper states that the Mongolian Government will reply that the Russian note raises a question over which Russia has no jurisdiction, as it is Mongolia's own internal affair. The Russian Government, however, will undoubtedly gain her point. Soon after the above note was sent, China received from Russia a note protesting against Mongolia's sending representatives to the Chinese Parliament. The correspondent of *The Russkoye Slovo*, of Moscow, writes to his paper:—

In Chinese political circles the note of the Russian Government on the question of Mongolia's representation in the Chinese Parliament is being discussed with much interest. Chinese politicians, in spite of the Russian view, are endeavouring to prove that the participation of Outer Mongolia in the Chinese Parliament is not contradictory to the Chinese-Russian agreement of 1913 in regard to Mongolia's autonomy. Especially so, as Russia recognised Mongolia as a territorial part of China. From authoritative statements it appears that the Chinese point of view will stand no criticism, and is condemned to fail. By the treaty of 1913, Russia recognised China's suzerainty over Mongolia. She will interpret this clause, in all probability, so as not to allow China to control Outer Mongolia through legislation.

The interesting point about this latest note is that Russia is taking the side of Mongolia in a situation which, so far, did not provoke any protest from the Mongolian Government.

Japan's interest in south-eastern Mongolia goes back several years. Japan first procured railroad concessions in Mongolia. Then, in March, 1915, Japan demanded of China exclusive mining rights in eastern Mongolia, the right for Japanese to settle, and a series of other things. China had to give in. In August, 1916, there were enough Japanese settlers in eastern Mongolia to dare to disobey Chinese orders. The Chenchitaung riot that followed was cause enough for Japan to send her troops to Mongolia and present a new list of demands to China. On October 10, Japan demanded that "Japanese be allowed to police Manchuria and Mongolia wherever they deem necessary." The correspondent cabling of this latest Japanese move writes that "the tone of the Japanese representations is peremptory, and shows a disposition to force the situation."

HOUSING MUNITION WORKERS.

Many large engineering and other factories have recently been erected in the rural districts of Great Britain to ensure healthier environment and reduce the cost of living. A recent issue of *Engineering* shows how some of the problems connected with this sudden expansion have been solved, and the results are interesting, not only as bearing on a difficult social question of the day, but as showing how an industrial community can be established with the workers living in isolated dwellings, yet with co-operative means of supplying food and other domestic services.

In one of the districts where large factories of Messrs. Vickers, the English ordnance manufacturers, were located, it became necessary to provide accommodations for several thousand workers with their families. To have attempted the rapid erection of dwelling houses would have required the services of a number of builders and other labourers who were not available, and furthermore, it would have locked up considerable capital in buildings which, in the future, possibly would not be needed in that particular district for such numbers of work-

people. Accordingly the plan of housing adopted was to secure certain public buildings and to rent *all* available large private houses, even those in isolated locations and to convert them into flats or small dwelling apartments with one or two bedrooms and a sitting-room, or into separate cubicles. Other buildings were transformed into canteens or restaurants and large recreation rooms. One of the largest buildings became a hospital with 200 beds, a fully equipped operating-room, and all necessary accessories. This was found to be particularly advantageous, as so many of the civic hospitals had been taken over for wounded soldiers.

In no cases were the large buildings arranged as dormitories for the mechanics and other workers; as a general rule, each preferred at least a separate cubicle of his or her own, and some proper form of division had to be made of the single men, single women, young boys, young girls, and married couples with and without families. In this division due care had to be exerted to keep the different nationalities apart or under harmonious conditions. In some cases a married couple with a family would take charge of a dwelling house, keeping the first floor and looking after the lodgers on the second.

In other cases a dwelling house would be divided into flats, and various forms of arrangement were made. In some cases kitchens were provided in the general hostels, and meals were served to the lodgers either in their lodgings or at the works canteen when they were on duty. The vegetable gardens possessed by the larger houses were used in connection with the commissary department, and, in addition, a large farm was secured whose development was systematically carried on. A central cooking and catering department was organised, which provided the furnishing of cooking and other necessary appliances for the separate houses, as well as for preparing food when it was not cooked on the premises. As the area covered by the various hostels was 120 square miles and food had to be served over this area, a fleet of motor vehicles was maintained so that the various dishes could be kept hot in transit while being distributed to the various houses.

Canteens were built at the works to feed the men and women actually at work with a minimum of delay, while the wives and families of the workers were supplied with food at their homes. In addition mineral waters and beer were furnished, as it was

believed that by distributing beer the men would be inclined to remain at home rather than to go out to licensed places. A comprehensive charge was arranged for each person, including all supplies, use of furniture, table linen, gas, cooking and food. The schedule of charges was as follows:—

	Per Week
Single men	£0 18 6
Married couples	1 10 0
Children living with parents, boys or girls, up to eight years old ...	0 4 6
Children living with parents, boys or girls, between eight and fourteen	0 5 6
Children living with parents, girls, between fourteen and eighteen ...	0 14 0
Women over eighteen	0 14 0
Boys between fourteen and eighteen ...	0 14 0

In some cases where highly educated women were employed a special hostel was maintained where the charge was 18 shillings per week.

The transportation of the various workers was also a problem, as there were no train or trolley services, so that twenty-eight large motor omnibuses, each capable of accommodating forty workers, were maintained to carry the workers to and from the factory at a rate of one-half penny per mile. A special garage for these omnibuses was 120 feet wide by 75 feet deep, their maintenance presenting a problem in itself.

In addition to the material care of the working people, the social and religious oversight was not neglected, and a chaplain was appointed, who had had considerable experience with working people and was acquainted with their work. The chaplain's duties included, among other matters, the settlement of disputes among the families living in each hostel, attendance on the children, the organising of concerts and recreation, and general assistance in promoting the welfare of the people. A theatre and a concert hall with an organ were erected and suitable entertainments were organised, even on Sunday, to which the workers were brought in the motor omnibuses mentioned.

An experienced market gardener was charged with the oversight of the gardens connected with the two hundred hostels and the residents were encouraged to raise as many vegetables and fruits as possible, and also flowers, prizes being offered for the most artistic displays.

Experiments in co-operative housekeeping such as described, are beginning to be common in Great Britain, and might with advantage be adopted here.

CATECHISM OF THE WAR—XXXIII.

Q.—What is the so-called French Foreign Legion?

A.—The Foreign Legion is the name given in Great Britain to the *Regiments étrangers* in the French service. This Legion is composed of adventurous spirits of all nationalities, and has long been employed in colonial campaigns. For a long time it was stationed in Algeria. All sorts and conditions of men are to be found in it, for bravery is the only thing that is demanded of them. No enquiry is made into their often chequered careers, when they join up. French, British, Germans, Americans, Russians—in fact, almost every European nationality is to be found in the ranks. The commanding officers are French. The Legion has done yeoman service during this war, and has suffered very heavy casualties.

Q.—In what countries, prior to the outbreak of the war, was conscription in force?

A.—In all European countries except Great Britain. The only one, however, which had really universal conscription was France, where practically the only exemptions granted were to those medically unfit. In Germany not half the available men were conscripted; in Russia the supply far exceeds requirements, so many special exemptions are allowed. In Holland, selection from those available is made by lot. Somewhat the same system is adopted in Sweden. Switzerland and Norway have a scheme similar to ours in Australia, in fact the Commonwealth Defence Act, providing for the training of cadets, was to some extent based upon the Swiss plan. In the Balkan States there are comparatively few exemptions, most of the available men having to serve in the army. In Italy, although all men are liable, only about a third receive two years' military training. In Spain there are many exemptions, and a money payment in lieu of active service is permitted; the same state of affairs exists in Portugal.

Q.—Is conscription in force in any country outside Europe?

A.—In Japan, in Australia, in New Zealand, in the Union of South Africa (in a modified form), in Turkey, and in several of the South American Republics. In Peru the numbers required are obtained by

ballot, and exemption can be purchased. In Chile there are few exemptions allowed—the army there has been trained by German officers. In Argentine, service in the military is compulsory, but the majority train for three months only.

Q.—Is there a direct line connecting Odessa with Bucharest?

A.—No. A railway runs from Odessa to Bender, where the Dniester is crossed; from there it runs south to Reni, on the Danube, from which spot boat is taken to Galatz, a distance of some eight miles. The railway to Bucharest from that port runs through Braila, Buzeu, and Ploesci. Another route can be taken, but it is a long way round, through Kishinef—the capital of Bessarabia—to Yassy, crossing the frontier at Ungheni, where the break of gauge necessitates changing trains. From the present capital of Roumania, either of the north-south railways can be taken to Bucharest.

Q.—Is the Danube navigable by ships of heavy tonnage?

A.—The central channel, called the Sulina, is the one now used through the Delta. From its mouth to Braila the Danube is navigable for sea-going ships up to 4000 tons register. From Braila almost to the Iron Gates sea-going ships of 600 tons can use the river, and barges of some 2000 tons capacity navigate it. From the Iron Gates to Vienna barges drawing five feet of water are used. From Vienna to Regensburg it is possible for barges of 600 tons register to be towed up the rapid stream. A canal connects the Danube with the Mainz, which flows into the Rhine at Mainz. It is said that the Germans are already engaged on a scheme for joining the Rhine and the Danube by a deep canal which will permit of the passage of very large barges, and thus link the Black and the North Seas.

Q.—What is the annual production of copper in the world?

A.—In the year before the war it was about 890,000 tons, Australia's contribution being about 40,000. It will be remembered that recently Great Britain placed a single order in the United States for no less than 200,000 tons. The Home

Government has taken control of the Australian output.

Q.—Is it true that the Germans are building merchant ships?

A.—According to the German papers many cargo ships are being built. The Austrian Lloyd announces that it is building four India steamers of 8000 tons in its own yards, five of 10,000 tons in the San Rocca Yard for the same service, and in addition five ships of 8500 tons for general use.

Q.—Has the price of fish greatly increased in Germany?

A.—According to Dutch correspondents haddock, which before the war cost 40 to 50 pfennigs (6d.) a pound, has risen to two marks, and the rise in the price of cod has been equally great. This increase is due partly to the fact that as meat cannot be obtained, the Germans have been obliged to substitute fish, partly because of the foundation of a new industry which has been created for the manufacture of fish-meat, fish-sausage, and fish-paste. Factories have been set up, and their entire catch of fish is taken over direct from the fishermen.

Q.—You mentioned in your last number the gold reserve held against notes by the British Treasury. Have you any particulars of the reserve held by the German Treasury?

A.—According to *The Economist* there were on October 31st, £363,000,000 worth of Reichsbank notes in circulation, £17,400,000 of Treasury notes, and £109,500,000 of loan notes, a total of £489,900,000, against which the Reichsbank held gold to the value of £125,300,000.

Q.—Are people in Australia who were born in Alsace-Lorraine or in Schleswig before the wars of 1870 and 1864 respectively, regarded as Germans or as French or Danes?

A.—They should certainly be regarded as French and Danish respectively, having left the provinces mentioned before they became part of the German Empire. Those who remained after the annexation became *ipso facto* Germans. The whole question of nationality is an exceedingly complicated one at the moment, and it is difficult to say how people of enemy or foreign birth would be regarded by the authorities. The application of the law is full of contradictions, and this is inevitable under the circumstances. A man born in Germany comes

here, marries an Australian, and becomes naturalised. In the eyes of the law he really ceases to be a German, and is an Australian whom the State must regard as one of its citizens. Yet such men have been interned here, and there are cases of Germans naturalised here who, being in Germany at the beginning of the war, were regarded as enemy subjects, and were ultimately interned there. In fact, the majority of the "Australians" now at Ruhleben would be regarded as enemy subjects did they come back here—might even be interned. If a German comes to Australia but does not become naturalised, a family born to him here is regarded by the authorities as Australian, but according to German, French and European law generally his sons and daughters would be looked on as Germans. This matter was fully dealt with in our May 20, 1916, number.

Q.—Could you give details of the new heavy guns now being used by the French and British?

A.—Particulars are not available. It is said that the largest gun used by the Allies in the west is a 17-inch howitzer, throwing a shell weighing 2000 lbs. a distance of fifteen miles or more. Details of the French 75's were given Aug.-Sept., 1915, number. With regard to the Australian machine gun, I understand that it has not been adopted in the British army.

Q.—Are the war articles cut out of papers from allied countries before these are permitted to be sold in Germany?

A.—There does not appear to be any attempt to censor the Allied journals going into Germany. The Germans no doubt regard them much as we regard the Teutonic newspapers, that is to say, as inaccurate and misinformed, take therefore no more notice of our comments on the war than would we of theirs—if we could obtain them.

Q.—Are you not incorrect in stating that the Duke of Edinburgh had no sons?

A.—Yes. He had four daughters, all of whom are still living, and one son, who predeceased him. This is how the situation concerning the succession to the Dukedom of Saxe-Coburg came about as described in the answer to the question you refer to in our last number. One of the daughters is now Queen of Roumania, another married Grand Duke Cyril of Russia, another the Prince of Hohenlohe Langenburg, and the youngest married the Infante Alfonso Maria of Orleans.

Q.—Where was Queen Alexandra, the Queen Mother, born?

A.—She was born on December 1, 1844, in Denmark, being the eldest daughter of the late King Christian IX. of Denmark. Her brother is the present King. Another brother was King George of Greece, so the present ruler of the Hellenes, King Constantine, is her nephew, and is a first cousin of King George of England.

Q.—How many Roman Catholics are there in Germany?

A.—Just about 37 per cent. of the total population, or some 25,000,000. The remaining 43,000,000 are Protestants. There are, in the German Empire, in addition, about 620,000 Jews.

Q.—What became of the twenty-two men from the "Emden" who disappeared from Cocos Island?

A.—They got away in a sailing boat, and finally reached the coast of Arabia, some 3500 miles distant from the scene of the disaster which overwhelmed the German raider. From Arabia they went overland to Constantinople, reference being made to their presence in the Turkish capital in letters from American correspondents there. Presumably they finally got back to Germany.

Q.—It is true that the Tsar of Russia invited a German surgeon to perform an operation on the Tsarewitch, and that the Kaiser refused to allow it?

A.—There is a story to the effect that the Tsar was anxious to have an eminent German surgeon operate on his wife, the Tsaritz, not on his little son, and that the distinguished medical man refused to visit Russia for the purpose. The Kaiser was not mentioned. It is at present impossible to ascertain, however, whether this story is true or not. It is a fact, though, that German specialists have often given their services to the Tsar's household in pre-war days.

Q.—What is the meaning and the origin of the distress signal S.O.S.?

A.—It has no particular origin or meaning, but, being the most easily distinguished combination which can be sent out by the wireless operator—three dots, three dashes, three dots—it was adopted as a distress signal. Some time ago it was announced that some other symbols had been substituted as the cry for help. S.O.S. having been adopted, it was natural that words should be fitted to it, and it is now generally assumed that the signal means "Save our

souls." But it does so no more than O.K. stands for "all correct," which one of the Northern Generals in the American Civil War is alleged to have spelt "Oll Korrekt."

Q.—In a series of war maps issued in July, 1915, a well-known firm of publishers gave two maps, one of Greater Poland, and another of Greater Serbia. The latter included Herzegovina, Croatia, a large part of Hungary, and the whole of the eastern coast of the Adriatic. Could you tell me whether the Allies have ever stated that they propose to recreate Serbia with boundaries enlarged to this extent?

A.—So far as I know, the Allies have made no statement whatever concerning the new boundaries they propose to give to Serbia. The publisher you mention was drawing upon his imagination, and apparently a somewhat riotous one at that, for never in their wildest dreams of conquest could Allies or Serbs expect to be able to Serbianise the eastern shores of the Adriatic, on which Italy long ago pegged out her claim. Even if the new boundary were drawn on strictly ethnological lines it would not include much of Hungary, much of Albania or much of Macedonia, annexed after the second Balkan war. All these after-the-war maps are fanciful, and represent the aspirations of the country depicted, as interpreted by map makers who, for the most part, have never left Great Britain.

Q.—Could you tell me something about the colonial expansion of Great Britain during the last twenty-five years or so?

A.—The only colonies of note won by the sword by Great Britain during the last twenty-five years are the Transvaal (110,400 square miles) and the Orange Free State (50,400 square miles). All the rest have been won by a policy of peaceful penetration, or by agreement with the other Great Powers. The Malay States, for instance, only came directly under British control in 1896, but ever since 1874 British residents were "advising" the native rulers and steadily increased their influence, and the area they "advised" in until the Empire was enlarged in this part of the world by some 30,000 square miles. The same process was followed in Baluchistan, after the Afghan wars had enabled us to get a footing there. In 1887 British Baluchistan came into formal existence. Further provinces have been added since, and this colony now comprises 132,000 sq. miles. Sikkim in the Himalayas, 2818 sq. miles, was acquired by treaty with China in 1890, Wei-Hai-Wei

was leased by Britain from China as an answer to the leasing of Port Arthur by Russia. It is generally understood that this lease will not be terminated so long as Japan remains at Port Arthur, where by *force majeure* she took over the lease from the Russians in 1895. No "rent" item figures in the statistics of the port's finances! Great Britain, by agreement with the other Powers, confirmed her occupation of large areas in East Africa, and in 1908 the entire protectorate became a Crown Colony, some 200,000 sq. miles in area. It includes those portions of the hinterland of Zanzibar for which Lord Salisbury exchanged Heligoland. North of the East Africa Protectorate is the Uganda Protectorate, also British, officially acquired in 1894, some 118,000 sq. miles in extent. The Somali-land Protectorate, 68,000 sq. miles, the Nyassaland Protectorate, 40,000 sq. miles, the Bechuanaland Protectorate, 275,000 sq. miles, Rhodesia, 435,000 sq. miles were all acquired peacefully within the last twenty-five years. Other odd possessions in Africa were obtained by arrangement with the other Powers, when from time to time they carved up Africa. There have been wars with the natives of course, but they had far less to say than the European countries concerned in the annexation of their country. The Sudan was reconquered by the British—nominally on behalf of Turkey—in 1896. It comprised 950,000 sq. miles. Egypt, long virtually under British control, though nominally under the Sultan of Turkey, became actually British after the agreement with France, which gave the latter a free hand in Tunis, and made her the dominant power in Morocco. Since the war began the suzerainty of Turkey has been denounced. The area of Egypt is about 400,000 sq. miles. Cyprus, 3584 sq. miles, was occupied by Great Britain in return for guaranteeing Turkey against Russian aggression in 1878, and has now been definitely taken over. The majority of the important coaling stations and islands owned by Great Britain all over the world were acquired by conquest, either from the French or from their Allies during the Napoleonic wars. Others were taken still earlier from the Spaniards. India was won by the sword

and by peaceful penetration, Australia and New Zealand by settlement, Canada by conquest, cession and settlement, Newfoundland by settlement and agreement with France.

Q.—What colonies did Germany acquire during the last twenty-five years?

A.—All she has, or rather had, when the war broke out, have been obtained since 1884. Germany was unfortunate in coming into being after the best portions of the world had been parcelled out amongst the older Powers, and the last three decades have seen Germany desperately trying to secure some of the spoil which still remained unallotted. What she managed to secure was not worth very much, and proved quite unsuitable to receive the surplus of her population, which went instead to the United States, Brazil, or British possessions. Her African possessions she got by treaty with the other Powers; Togoland, 34,000 sq. miles, Kamerun, 191,000 sq. miles, South-West Africa, 322,000 sq. miles, and East Africa, 384,000 sq. miles. Kiachau she got on lease from China, as we got Wei-Hai-Wei. Her total possessions in the Pacific amounted to 96,000 sq. miles. Several of the islands were acquired by purchase from Spain, the rest by arrangement with Britain or the United States. Mesopotamia and Syria would be worth far more to her than all the possessions she formerly had in Africa and the Pacific, and in Persia she no doubt hopes to find an outlet for her surplus millions, for that great land, capable of immense development, only carries 10,000,000 inhabitants in its 628,000 sq. miles. Having lost her colonies, we may be quite sure that Germany looks to Asia Minor to give her that place in the sun which she has found it impossible to obtain elsewhere in an already divided up world.

Q.—What is the population of Scotland?

A.—At the last census, in 1911, it was 4,760,904. Particulars of the number of volunteers from Scotland are not obtainable, but it is known that when it came to conscription it was found that but few available men were left; the great majority had already joined the colours.



HOW TO DEVELOP AUSTRALIA.

SEIZING OPPORTUNITY BY THE FORELOCK.

There has been a great deal of talk concerning what Australia is going to do after the war is over. Much is said about organisation, about securing markets for Australian products, and supplying the needs of the Commonwealth from our own factories. Is anything really being done, or are we only talking? Have we anywhere seized opportunity by the forelock, or are we merely basking in the sun of a transient prosperity, content to take advantage of the high prices brought by the war without any effort to use our present fair fortune as a foundation on which to build securely for the future?

Looking broadly at the situation one is forced to the conclusion that for many decades Australia must remain a producing country only. Her function in the Empire is to produce food and primary necessities for the teeming millions of the homeland. She must concentrate on developing these primary products. This is so obvious that everyone sees it. Yet are we making any notable efforts to add to our productivity in sheep, in cattle, in grain, in sugar, in fruit and the like? To do that we must encourage land settlement, promote immigration, foster co-operation. Are we doing anything beyond dreaming dreams? Is anything truly practical toward? It should be the aim of Australia to supply the homeland with many of those things she has been accustomed to obtain outside the Empire. How is it going to be done?

Whilst the production of raw materials is Australia's main function in the Empire, there are, in connection with this produc-

tion, certain industries which might well be considerably developed here. Many mad schemes have been put forward for making Australia a self-contained country, but the absurdity of such an idea is glaringly apparent. We have not the population to warrant our manufacturing within the borders of the Commonwealth everything needed by our people. There are some things, however, that can with advantage be made here, and it is certainly worth ascertaining what can be profitably produced in the country, worth finding out just what is already being done along these lines.

With this object in view I intend publishing from time to time, probably in alternate issues, brief articles telling of actual achievements in this country. Undoubtedly the war has given a great impetus to certain lines of production which might with advantage be turned to good account in future. For instance, military orders have started a great manufacturing era in the wool trade, and Australian mills have so progressed during the war period that continued growth in the industry is anticipated after peace comes. As the manufacture of woollen articles required here would certainly seem to be one of the most hopeful of all industries to take up strongly, I open the series by an article dealing with this question.

The development of Australia being a matter of primal importance, and one which has infinite ramifications, I trust that those of my readers who have ideas on the subject will let me have the benefit of their suggestions.

WAR DEVELOPMENT OF THE WOOL TRADE

Britain, the fountain of Australian settlement, and in peace the lodestar of its commercial policy, in war draws out its productive energies with redoubled power. Close following upon the call to Australia for men at arms came the insistent demand for primary products—wool, meat, leather, metals, grain.

All the world competed in our markets for fleeces before the fighting age opened; to-day Britain stands self-elected our sole customer, taking the whole of the clip and paying with generosity sufficient to compensate the growers for the loss of foreign custom. Nay, more, having undertaken the responsibility of clothing her own and

a great proportion of her Allies' armies, the mother country calls for an increased production of Australian fleeces, and as an incentive pays in cash for all our present clip before it is delivered to her ships. The same magnanimity has marked Britain's purchases of Australian grain and other products, and the money thus advanced has been reinforced by large loans to maintain governmental solvency during the war period.

With such fullhanded help the producers have been given opportunity of increasing the private wealth of the whole community. The means they have adopted to rise to the great emergency are such as could best be devised in the sudden turmoil of the struggle. In respect to the wool industry they consisted first of a careful elimination of German taint from the market, next an economic control of cargo space, and then an increased manufacture of wool products, mainly in the nature of army cloth and blankets, which were the pressing need of the moment. It is hoped that the impetus thereby given to the woollen mills of the manufacturing States will carry them on beyond the special excitement of the war demands and place them on a basis of permanent prosperity and expansion.

Labour, capital and machinery are the three essentials of a perennially progressive wool industry. We have them all in some degree, and they will expand to sufficiency beneath the magic touch of profit. The woollen industry has had its ups and downs in Australia, but never before did it get the encouragement of such an abundant and opulent market as that which the war has opened for it.

In the past authorities in the wool trade have been a little patronising in their references to the custom of Australian manufacturers, but this year special regard has been given to it, and there is a frank admission in Dalgety's report that the competition of Australian manufacturers of tops and of woollen cloth, and blankets has become a distinct feature in the wool market. There is promise of power in an industry that is able to buy its raw product in the open market in competition with the long established and highly organised buying agencies of the great British mills. It is true that heavy military orders for khaki cloth gave the Australian makers the ability to stand up to the Continental buyers, but it was only by risking large capital in extension of permanent plants that these

makers were enabled to take the wool and turn it into fabric and money.

When the first Australian army of immortal memory snatched glory from the Straits Impregnable at Gallipoli, its heroes fought and fell in uniforms made of Australian wool by Australian hands. There is no need of an apology for thus weaving a commercial triumph into a patriotic sacrifice. The men of the first army loved their land with a passion that seized upon every evidence of its coming greatness, and their pride in the uniform was enhanced by knowledge of the fact that the making of it was helping to endow their own people with the power of expanding trade.

Great fears were entertained at the beginning that the supply of woollens would be exhausted by the needs of the Army, and all the existing local stocks were commandeered by the military authorities. It was even said that the people would go short of blankets. The pessimists here reckoned without the energy and determination of the Commonwealth Government, backed by the readiness of the private woollen millers in an emergency and the wonderful adaptability of Australian labour—particularly girl labour. In a few months the Commonwealth Government Mills were working at full blast on the manufacture of khaki cloth and blankets, while the private mills were pounding away day and night, producing a military cloth that quickly established a peculiar reputation for texture, strength and durability. The mills of the gods may grind slow and fine, but the woollen mills of Australia in a hurry to furnish her men with clothing for the fray work fine and fast.

Can the pace last? Will the Australian mill product stand against the competition of the world in its home market when the war is over, and the banked-up products of Europe come rolling in? It remains to be seen. But this is certain, that in at least one branch of woollen manufacture the Australian product can be exported at the enormously high shipping freightage now ruling and find a ready market in that sink of cheap labour and cheap money, the teeming East. This scalp hangs at the belt of the Australian woollen top-makers. One top-making plant alone is reported to have lifted in the past year at least 50,000 bales of wool in Australian centres. Some enthusiasm for this achievement has even communicated itself to the studiously austere phrases of Dalgety's report, which says:—

The Australian woollen mills have never known such an active year in all their history as the past season. The principal mills have been concentrating their whole endeavours in supplying the enormous demand for khaki, blankets, and underclothing for the military authorities. In New South Wales the demand has been for crossbreds only, and the khaki goods and blankets have engaged the attention of the trade, and every possible effort has been made to speed up production. In Victoria there has, in addition, been a keen demand for really super merinos, and many of the extreme prices secured were given by Messrs. Foy and Gibson, of Melbourne, who were using the wool for the manufacture of underclothing for the Australian troops.

The top-making industry at Botany has experienced a very busy season, and the two mills have been kept going to their fullest capacity. The season's export of tops amounted to approximately five million lbs., which was an increase on the figures of the previous seasons of very nearly a million lbs. The great bulk of the tops go to Japan, and the demand is far from satisfied. It is understood that the top-making plants are being increased, and that a much larger output will be possible ere long.

The establishment of an up-to-date carbonising plant at Botany marks another advance in local wool-handling facilities. Had such a plant been in existence last season it would have had a material affect on values for the very faulty wools.

A bounty is paid for exportation of tops which may eventually be extended to the exportation of more complete products of the Australian mills. In 1914-15, when shipping was paralysed by the outbreak of war, the top-makers managed to get 3,635,811 lbs. of their product away, and netted thereby a bounty of £7727, and their record for the past year will show a much finer achievement. In the past five years the bounties earned by export amounted to £58,914.

Woollen mills are now established in all the States with the exception of West Australia, and the increase in the number of hands employed in the industry in the war period to date ranges from 16 to 25 per cent. There are indications that Victoria will compensate herself for her decline from the premier position as a producer of merino wool, owing to the expansion of sheep raising in larger States, by taking the foremost place as a milling centre. Since 1913 the Victorian mills have increased from ten to fifteen in number, and the hands employed from 1790 to 2053; in the same period the total number of hands employed in all the mills of the Commonwealth (including Victoria) was increased from 3090 to 3620, and wages paid advanced from

£231,018 to £304,038. The value of the output rose from £925,602 to £1,586,123. The increase in the number of hands equalled about 20 per cent., while the increase in their wages approximated to 30 per cent. and the value of the output advanced 70 per cent.

The heavy increase in values is due to the better return for woollen products under war conditions to some extent, but the mere fact that revenues are rapidly rising is an earnest of further progress with the industry, as most of the companies have allocated a fair proportion of their profits to reserves for the renewal and extension of existing plant. This is especially the case with small firms and individual manufacturers, who are building up their working capital out of yearly results. In one such case the owner has been so much encouraged by the improved condition of the trade that he has sent to England for a new weaving plant for converting fleeces directly into shaped clothing.

Although heavy military orders have been responsible for a great deal of the present prosperity in the milling business, the manufacture of civilian clothing has provided a fair share of the increased profits, and with the improved equipment purchased out of war time revenues the mills are placing themselves in a position to cope with the heavy excess of civil orders that are coming to them after the war.

The confidence that the millers have in the future is based on the belief that even when the European struggle is over there will be a period wherein British and Continental manufacturers must devote a great part of their output to producing woollens to replenish common stocks in the home markets, which have fallen to a low ebb in consequence of the tremendous calls of the military arm. It is also believed that for a period dear freights will be the rule, until the shipping world accommodates itself to fresh peace itineraries. Australian makers are, therefore, inclined optimistically to the belief that when foreign competition once more comes into this market they will have a sufficiently strong grip upon a wide range of customers to be enabled to withstand the shock. The fact that they have gained a respected footing as buyers in the wool market assures to them a free supply of the raw product at market rates. They have the advantage of buying the raw material in the country where it is produced, and of

proceeding with manufacture on the spot for an appreciative local retail trade.

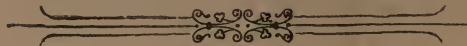
No illuminating records have yet been published of the business progress made by the Commonwealth Government woollen mills during the war period, but when the tale comes to be told it will show that a very large amount of capital has been spent in the equipment of plants that will need to be fed with extensive orders in the coming peace period if the machinery is to be put to profitable account. Any efforts that the Government may make in this direction cannot but have the effect of strengthening the position of the privately owned mills at the same time. During the war the Government has leaned heavily on the mills of private companies for loyal support in turning out military orders at high speed, and the gratitude with which the Ministry has acknowledged this support lends colour to the hope that the Government will not neglect the interests of the mills when the time comes for the readjustment of the whole trade on a peace basis.

As an example of the prosperity that war orders have brought directly and indirectly to private mills, may be cited the case of the Ballarat Woollen and Worsted Company Limited, which in the twelve months ended September 30, 1915, had its net profits increased from £5000 to £17,843. The Warrnamool Woollen Company Limited furnishes another example. It has an abnormally profitable year in 1915, netting £11,690 profit, and in 1916 this was swollen to £16,337. The industry has also been making strides in Queensland, where the recent extension of merino sheep-breeding has given an incentive, which has been promptly availed of under the favouring war conditions. Last August the Queensland Woollen Manufacturing Company Limited showed a net profit of £7652. New mills have been started in all the States, and there is evidence that by the end of the war the business of milling our own wools will have been planted in all the capital cities and many of the provincial towns to such an extent that the supply of home manufactured woollens will be strong

and constant enough to hold a firm and unassailable place in the distributing markets of the Commonwealth.

Those who give way to a temperamental doubt as to the ability of the established mills to carry on along the road of progress when the war orders are finished overlook two important factors of the situation. One is the very fine large consumption of woollens which in the past have been imported into Australia, and the other is that American investors are turning their attention to the introduction to this country of machines adapted to the treatment of "burry" wools. English manufacturers are so averse to dealing with this class of material that when the British Government recently bought the whole of the clip burry wools were excluded, and it was arranged that America would be free to buy them. Plant for eliminating the burrs is not expensive, and the Americans are more anxious about obtaining woollen goods for home use than they are about securing the raw material. With England it is different. The manufacturers there have an industry localised, and so fully established that its managers can see no incongruity in importing wool all the way from Australia and then re-exporting a large proportion of the product to the same country by the longest of all sea routes in the form of garments.

It is anticipated that £15,000,000 worth of raw wool will be sent to Great Britain in the current year. The amount of this material to be imported later in the form of garments will be £2,000,000 or £3,000,000. It will be seen, therefore, that in the capture of this local trade the Australian mills will have a sufficient exercising ground quite large enough and inviting enough to compensate them for the loss of overseas military orders when peace comes. But there is no justification for the assumption that Australian military cloth, having established a high reputation in the present European campaign, will not be sought by all military organisations at home and abroad for equipment in peace and for future possible wars.



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Many people who suffer more or less from this complaint, or who have it in the earlier stages when the suffering point has not yet been reached, fail to realise what an absolutely certain and distressing time they are in for by neglecting to obtain treatment to overcome the trouble.

Many are misguided by obtaining poor advice on the subject; they are told that the veins don't amount to anything, or that no known remedy is available; in one way or another being put off until disaster overcomes them, and then they are advised to have them out. Such advice is bad from start to finish. The worst of it is that it has cost money, as well as being useless.

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Dear Sir,—I received your letter inquiring after my condition, and am pleased to tell you that my legs are all right again. I knocked the shin bone where it was previously sore, and broke the skin, and feared that the old condition might return, but your prompt reply to my request for ointment enabled me to check the trouble before it developed. I am very pleased to say that I will not require any more ointment from you. You will be pleased to hear that the veins previously so swollen and enlarged have entirely disappeared from sight and touch, as you promised they would, and all that is to be noticed is a slightly blue tinge of the skin above where they used to exist, owing probably to the discolouration of the tissue from very long duration. My legs have never bothered me in the least since discontinuing the treatment, and thanking you again,—I remain, yours sincerely,

MRS. H. CLARKE.

Manager, Vecsey.

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V. J. JARDINE.

The Manager,

Narrandera, N.S.W.

Dear Sir,—I am sorry that I did not write you sooner. Since I received the last lot of treatment I have gone on splendidly, and my leg is quite well now, and I am very pleased to tell you that I do not require further treatment for it. However, you can imagine what pleasure it is to be able to get about again free from pain and with no evidence of the old trouble. The enlarged veins have completely subsided. Before undertaking your treatment the pain was sometimes so excruciating that I could hardly put up with it. I am very grateful to you for your attention and kindness to me during the time I was under treatment.—Yours gratefully,

E. M. McALISTER.

The Manager,

Nareeb Nareeb, Vic.

Dear Sir,—Re your letter asking if I needed further treatment, I beg to advise that when I told you in my last letter that my leg seemed to be cured I found that I was not mistaken. I did not write further, as there was no necessity, and the money I paid for the treatment would have been well spent had it been ten times the amount. I had not bothered writing again, and I was waiting to see if the results were permanent, and how my leg was getting on, and it is doing splendidly. There are now only a few discoloured patches where the veins formerly existed in large knots. And I have no hesitation in saying that I firmly believe that it is now ENTIRELY CURED and all right again. Thanking you again for your attention and treatment.—I remain, yours truly,

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FINANCIAL AND BUSINESS QUARTER.

Having already raised approximately £58,000,000 in war loans, the people of the Commonwealth are being requested to subscribe a further £18,000,000. The men at the front and in camp in Australia have to be clothed, fed and munitioned, and future reinforcements provided for, and all this cannot be done without a large expenditure. If everyone does his or her fair share, there is no doubt the money required will be forthcoming, with, perhaps, a little over; but success is not possible if individuals display indifference, or begrudgingly subscribe the least they can. To the last loans there were about 100,000 individual subscribers; this number should be easily exceeded this time. There is little doubt that on the last occasion a great proportion of the adult population of Australia did not participate; the present opportunity should not be "turned down" in a similar manner.

* * *

The terms of the loan are so favourable that only the extremely poor section of the community can have any excuse for not participating. Subscriptions are payable in a deposit and instalments of 10 per cent., extending over 10 months, so that £1 down and £1 a month will buy a £10 bond, or £10 down and £10 a month will buy a £100 bond, or inscribed stock for a similar amount. Interest, which is paid half-yearly at the rate of $4\frac{1}{2}$ per cent. per annum, is free of State and Federal income taxes, and the loan is exempt from the operation of the wealth levy. If the amount applied for is fully paid up by February 8th, 1917, interest amounting to £2 5s. for each £100 subscribed will be paid on June 15th, 1917, and thereafter interest at $4\frac{1}{2}$ per cent. per annum. If full advantage is taken of the instalment system, extending to November, 1917, interest amounting to £3 15s. on each £100 will be paid on December 15th, 1917, and thereafter at $4\frac{1}{2}$ per cent. per annum. If the Treasurer's appeal is not successful, it would not be because of the fact that there are not sufficient funds in the country. In September last the deposits of the people in the joint-stock and Commonwealth Banks aggregated about £220,000,000, in addition to which the amount to the credit of depositors in the various States Savings

Banks was about £96,000,000. Further, it is estimated that these figures have been increased during the last quarter of the year.

* * *

It would be a thousand pities if any individual refrained from investing in the War Loan because he or she thought that such a comparatively small sum as £10 would not be missed. Of course, there will be little chance of obtaining the £18,000,000 required unless the wealthy classes, financial institutions and industrial concerns subscribe substantially to the loan; but the responsibility upon the small investor is nevertheless considerable. Each person, whether rich or poor, should invest in proportion to his or her financial position. In Great Britain, the "widow's mite" has not been despised; on the contrary, has been much sought after, through the medium of the National War Savings Committee. This committee has accomplished excellent work in conserving for the benefit of the nation the savings of the working classes.

* * *

It was in regard to the number of small sums subscribed by the working classes of Germany that the fifth German War Loan was a disappointment to the financial authorities in that country. Statistics issued by the British National War Savings Committee indicate that subscribers of sums up to 10,000 marks amounted to only 3,721,530 in the fifth loan as against 5,188,914 in the fourth loan, the total subscriptions aggregating 3,198,000,000 marks and 4,348,000,000 marks respectively. If subscribers of 10,000 marks or less be subdivided into classes—those of from 1 to 200 marks, thence to 500, to 1000, to 2000, to 5000, and to 10,000, a decrease both in subscribers and subscriptions was disclosed in every class, the average decrease being 27.7 per cent. for subscribers and 28 per cent. for subscriptions. In those classes approximating most nearly to those purchasing war savings certificates in Great Britain (from 1 to 200 marks, and from 200 to 500), the subscriptions have been reduced by from 23 per cent. to 38 per cent. There are now more than 11,000 war savings associations in Great Britain, receiving a steady stream of contributions.

The efficacy of the newspaper or periodical as an advertising medium is evidently fully appreciated in high German circles. On the occasion of the first German loan, in September, 1914, the appeal of the directors of the Reichsbank appeared in 2800 newspapers, which supplemented it by an editorial appeal, and various notices and articles on their own account. The appeal for the second loan in February, 1915, appeared in almost 3800 newspapers and periodicals, as well as a broad-sheet which was very widely distributed and pasted up publicly. The third (September, 1915) appeared in about 4000 newspapers and periodicals, and the fourth and fifth in at least 5000.

* * *

During the year ended June 30th, 1916, 787 ocean-going vessels passed through the Panama Canal. It will be remembered that the canal was closed in the middle of September, 1915, and remained closed, except for the transit of small vessels, which had waited at the entrances for passage, until the middle of April. There were thus five months of the twelve in which the canal was in normal operation. During the previous fiscal year, 1088 vessels passed through the canal, so that the operations during the period the canal was open for traffic may be considered normal. The working and maintenance expenses in 1915-16 were approximately 7,000,000 dollars, the deficit being about 4,500,000 dollars, which is attributed to the canal having been closed for so long. In the preceding year the tolls exceeded the expenses by 276,000 dollars.

* * *

Largely as a result of the very favourable trade balance enjoyed since the outbreak of the war, the Indian authorities have been enabled to greatly strengthen the finances of the country. Some of the achievements include the repurchase of rupee paper, £1,500,000; repurchase of industrial securities, £1,000,000; investments in British Government securities, £3,000,000; repayment of temporary debts, £7,500,000; new paper currency securities, £8,000,000; and new gold standard securities, £6,000,000; making a total of £27,000,000. In addition, India has refrained from approaching the London market for local requirements, and has ceased for the time being to import gold (which in peace time is hoarded by the

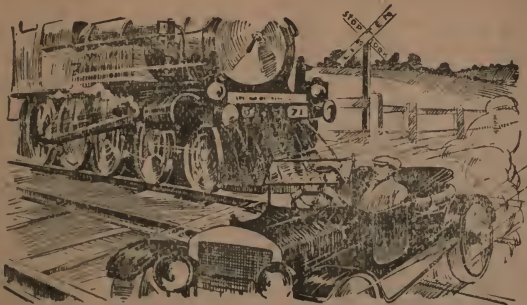
people)—two decisions which have been appreciated by the authorities at home.

* * *

An interesting interview with Baron Sakatani (who represented the Japanese Government at the Paris Economic Conference) appears in a recent issue of *The Japan Times*. The Baron has little to say regarding the results of the conference, but supplies readers of *The Times* with much instructive information in relation to his own country. "In the past fifteen years," he is reported as saying, "much has been written about the precarious state of Japanese finance. While our country has never been wealthy, it has always commanded the respect due to a power with an absolutely untarnished record in matters financial. There is no gainsaying the fact, however, that the war has brought about a change that is almost radical. Our special reserve at home and abroad is now estimated at over £60,000,000. Before the war it stood at £35,300,000. The recently published report of the purchase of the British Treasury notes in New York must carry with it a strange, startling note to ears accustomed to the talk of the poverty-stricken Japan."

* * *

Baron Sakatani's views as to general financial conditions after the war are decidedly pessimistic, and distinctly at variance with those of Sir Leo Chiozza Money. "The destruction of so much wealth," said the Baron, "is certain to make a profound impression upon every country. No one can escape it. A period of financial and industrial depression is ahead. Just at what time no one can be sure, perhaps, but it is inevitable. Whatever measure of prosperity some countries may enjoy at the present time is no reason why they should retain it in the years to come, when other territories will be groaning under terrific burdens. Such a condition is impossible under the modern international interlacing of financial interests. It goes without saying that every country should take measures against the coming of just such a period of depression according to their wisdom." Whilst it is tolerably certain that the state of affairs in Australia after the war will depend largely upon climatic conditions—bountiful seasons should be a safeguard against financial depression—citizens of the Commonwealth would do well to ponder over the potent words of the Japanese authority alluded to.



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